

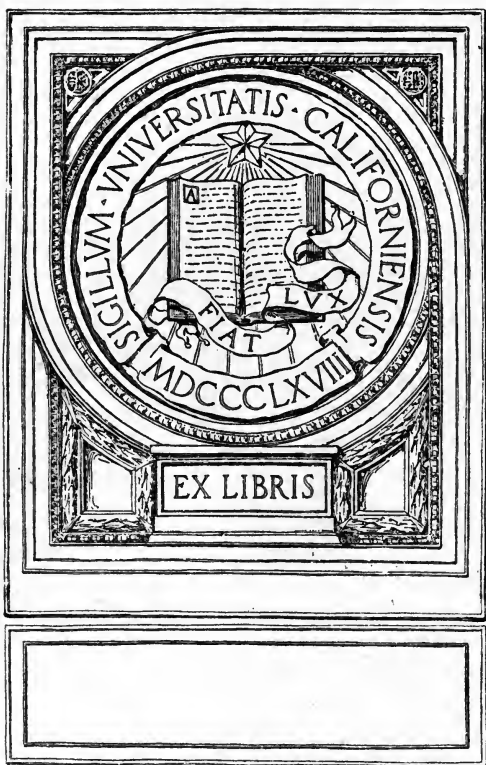
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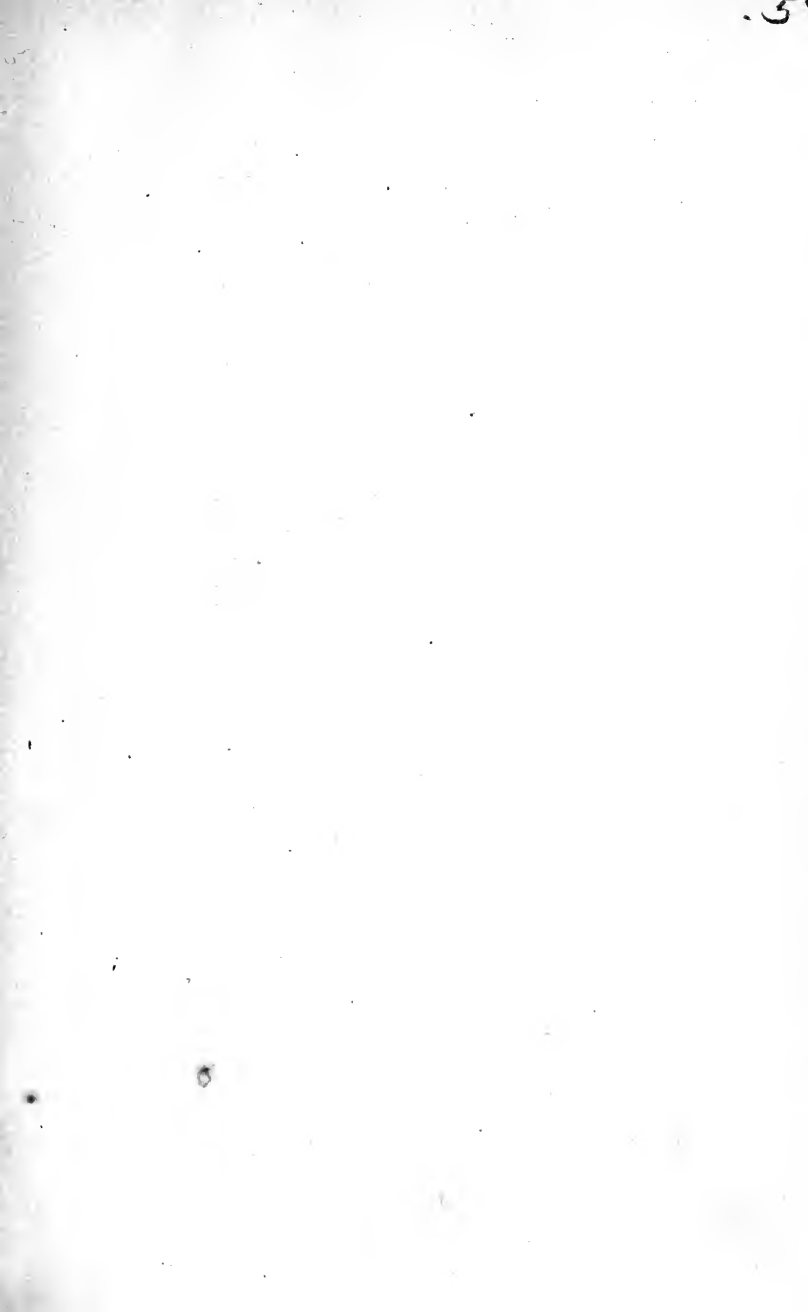


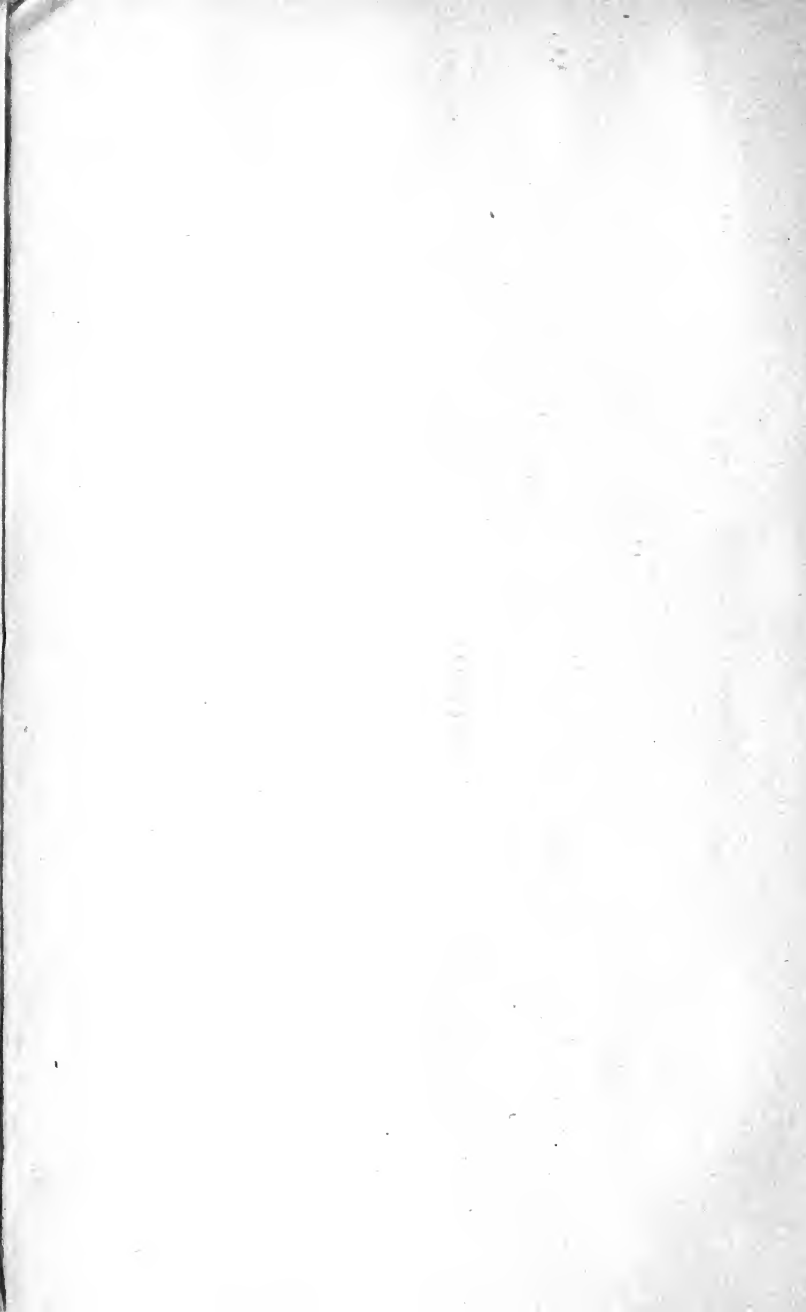
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A CURB TO PREDATORY WEALTH

W. V. MARSHALL







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A Curb to Predatory Wealth

BY

W. V. MARSHALL

SECOND EDITION REVISED

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TO VINU
ABRORUAD

PREFACE.

ANTI-TRUST legislation has been, so far, a complete failure. The reason for this is that it has been largely of the nature of arbitrary prohibition. There has been no attempt to utilize any fundamental principle of economics designed to appeal to the voluntary spirit.

A needed measure is one that harmonizes with that basic principle of business, self-interest. Such a measure is the graduated property tax. It would eliminate the trust system through rendering it less remunerative for capital to be invested in huge monopolies than in independent concerns.

In the use of this tax no distinction is to be made between the large wealth consisting of a combination of several small wealths and the large wealth belonging to the individual. The intent is to apply the tax to overcapitalization wherever found. In this way the corrective portion of our problem is solved.

The balance of our problem is also solved. Because it requires no change in the present machinery of government the graduated prop-

erty tax is a present day measure. It could be adopted at once.

In connection with its main purpose there are other advantages that would attend the adoption of the Graduated Property Tax. It would give birth to equality of opportunity. It would create a vast improvement in the method, form and size of industrial investments. These and other correlated benefits would be evolved from the tax as natural sequences, and are explained in connection with the main subject in the body of the book.

In preparing the second edition the author has carefully revised and in part re-written this work. Three new chapters have been inserted and three that were included in the first edition have been omitted. The sequence of the remaining chapters has been slightly altered in order to make the presentation of the subject more logical.

W. V. MARSHALL.

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A CURB TO PREDATORY WEALTH.

CHAPTER I.

SCOPE AND PURPOSE OF THE GRADUATED TAX.

THE present system of direct taxation in the United States provides for a simple property tax levied at a fixed rate upon the estimated or assessed value of the property. The progressive or graduated property tax differs from the present system in that it provides for an increase in the rate of taxation as it applies to the increase in the amount of owned or controlled wealth.

The particular purpose of the proposed tax is to end the domination of the trusts by rendering it unprofitable to effect combinations of "predatory" wealth.

The graduated tax here presented is arithmetically progressive; that is, a fixed unit of increase is added to the initial rate of taxation for

12 A CURB TO PREDATORY WEALTH.

each successive unit of increase in the capitalization. In actual practice the unit of increase in the rate and the unit of increase in the capital would be fixed by statute, but the initial tax on the initial unit of capital would be determined from time to time as the need of revenue varied. The units of progression or increase would therefore be constant while the initial rate of taxation would be subject to change.

To illustrate how it is designed to increase the tax rate with increase in value of the object of taxation, let it be assumed that the statutory unit of progression in the rate is one mill on the dollar, and that the unit of capitalization is one million dollars. In other words, for every million dollars added to the initial million of capitalization, one-tenth of a cent is added to the initial rate. Further, let it be assumed that the tax as determined by the need of revenue is one cent on the dollar for the first million. Then, in application the schedule would run as follows:

For a capitalization of one million dollars the rate of taxation would be one cent on the dollar; for a capitalization of two million dollars, one and one-tenth cents on the dollar; for a capitalization of three million dollars, one and two-tenth cents on the dollar. The scheme is presented succinctly in the following table:

TABLE SHOWING GRADUATED TAXATION OF PROPERTY.

Unit of Increase in Capitalization.	Rate of Taxation.	Tax on Each Unit.	Average Rate of Taxation.	Total Tax.
First \$1,000,000	.01	\$10,000	.01	\$10,000
Second 1,000,000	.011	11,000	.0105	21,000
Third 1,000,000	.012	12,000	.011	33,000
Fourth 1,000,000	.013	13,000	.0115	46,000
Fifth 1,000,000	.014	14,000	.012	60,000
Tenth 1,000,000	.019	19,000	.0145	145,000
25th 1,000,000	.034	34,000	.022	550,000
50th 1,000,000	.059	59,000	.0345	1,725,000
100th 1,000,000	.109	109,000	.0595	5,950,000
200th 1,000,000	.209	209,000	.1095	21,900,000
300th 1,000,000	.309	309,000	.1595	47,850,000
400th 1,000,000	.409	409,000	.2095	83,800,000
500th 1,000,000	.509	509,000	.2595	129,750,000
1000th 1,000,000	1.009	1,009,000	.5095	509,500,000

This ascending scale would be applied to capitalized enterprises by assessing stockholdings or ownerships at their actual values, but taxing them at the same rate as that which applies to the total value of the body of wealth or business control of which they form a part.

Let us take as an illustration the vast combination formed by the Philadelphia & Reading and associated railroads and auxiliary coal companies, valued at scores of millions of dollars. The stockholders of each of these companies would be compelled, under the method of a graduated tax, to pay upon the value of

their personal possessions therein at a rate per cent. corresponding to the rate on the sum of the total value of the combination.

If the capitalization of a trust were two hundred million dollars, he who owned one million in the big combination would be required to pay taxes on that million dollars, but at the two hundred million dollar rate; he whose interest in the concern was worth more or less than a million dollars would pay on the greater or lesser amount but the rate would remain the same as on the two hundred millions.

To be more specific, let us suppose that George F. Baer, the leading spirit in the Philadelphia & Reading Railroad and the anthracite coal monopoly, possesses in his own right and title in these properties, stock or other evidences of ownership to the value of ten million dollars. By the proposed plan his holdings would be assessed at their actual value of ten million dollars, but the tax rate on these holdings would be that which corresponded to the rate on the total valuation of the monopoly. What this total valuation would include would depend on the range and reach of the Baer aggregation. There would be, to start with, the Philadelphia & Reading railway. In addition to this property would be the coal beds, worked

and unworked, company stores and tenant houses, city retail yards, etc.

Where there were arrangements with other transportation companies for the fixing of rates and supplying of cars, and understandings with other coal companies for the regulation of prices and output, the valuation of the transportation and coal companies entering into these agreements would be taken into consideration in determining the basis upon which to estimate the rate of taxation.

All property controlled by the Baer monopoly either by ownership, lease, agreement or otherwise, would be counted for making up the total. The aggregate of the combined assessments would, no doubt, be very large, but whatever it might be that is the sum which would, under the method of the graduated tax, be used for fixing the tax rate for Mr. Baer. If the combined valuation amounted to the sum of three hundred million dollars, Mr. Baer's tax rate on his ten million dollars would, under such a schedule as that tabulated above, be fifteen and 95-100 cents on the dollar.

Necessarily the same rule applies to holdings of any size. If a stockholder of the Reading Railway Company owned, say, one thousand dollars worth of stock and had no further holdings in either the Reading Railway or any

of its subsidiary or allied companies, he would still pay a tax on his thousand dollars at the same rate as Mr. Baer on his ten millions, viz., at fifteen and 95-100 per cent.

It may be asked, "To what degree would this method of classifying and taxing plethoric combinations of capital contribute to the suppression of monopolies?" The answer can be given very briefly.

The trade monopolizers themselves, seeing that such a system of taxation would render their business methods obsolete, would be incapable of impeaching its feasibility. Instead, they would make every effort to create belief in the desirability of continuing the present trust system and in the disaster that would follow its dissolution.

But, upon the adoption of this method of trust suppression the inevitable would occur. The monopolists would soon hustle to get beyond range of the tax. "Gentlemen's agreements" would be quickly consigned to the past. Railroad ownership of mining companies would be brought to a speedy end. Coal combines so huge in scope as to be hard hit by the graduate tax would be rapidly dissolved into lesser possessions. The retail selling establishments would be no longer subjected to the restrictions of the combines, but would be left to

liberty of pursuit. Decentralization would be the universal tendency under the system of a progressive property tax and would grow until the huge trusts and exploiting combines were resolved into fair-dealing, and in truth more efficient, forms of moderate size.

CHAPTER II.

PRACTICAL APPLICATION OF THE GRADUATED TAX.

SHALL the graduated system be employed for all revenue needs, local, county, state, and the national wants above that supplied by the tariff? Shall the levy and collection be by county and local effort, by the states, or by federal machinery? Shall the whole tax be collected by one official and then be distributed among the counties, states, etc., or shall each government entity act for itself? Problems such as these must be examined in connection with the the proposition of a graduated tax.

In a bill for the establishment of the tax there must also be a provision for the proper valuation of holdings that overlap or are located in various districts. An assessor finding in his district a mining or manufacturing plant which extended to and embraced mines or factories in other districts would have to know the value of the outside concerns in addition to that in his own district before he could fix the correct rate of tax upon the property lying

within his jurisdiction. While the owner of a million dollar mining interest in Pennsylvania, and of an additional two millions in West Virginia would be subject to the rate that applied to a three million dollar property, the assessor of the district in which the first property lay would not, in the absence of an authorized system of listing the values of far reaching ownerships, know that the three million rate was applicable to the case in hand. The various properties of one owner would therefore have to be listed together for the purpose of determining under a progressive system what rate should apply. Such complete listing would require county, state and national co-operation.

By a system of reporting from the county to the state authorities the latter would obtain the information for issuing bulletins to the county officials, and through these to the assessors, giving values and kinds of ownership in different parts of the state.

By similar co-operation between the state and national authorities, returns could be made concerning all the properties having a common owner though located in different states.

With this information before him, together with the rate of increase in the tax, the assessor would be in a position properly to apportion the tax levy.

The graduated tax would probably be simplified in its operation by its adoption as a national measure. But as direct taxation is solely a state prerogative under present constitutional limitations, its separate adoption by the several states might be better. Were the latter course resolved upon, concert of action on the part of the states would be desirable as the trusts would take advantage of lack of concert to hinder the successful operation of the measure in those portions of the country in which it had been adopted.

No doubt some of the trusts would withdraw their plants from states in which they were obliged to pay a graduated property tax, and would locate them in states which they could control, and then endeavor to maintain their trade in the abandoned territory by shipping their goods in from the outside. Under such circumstances, if it were the case of the general government against a foreign nation, the remedy would be a tariff, imposed on the trust goods imported. But as it is contrary to the constitution for one state of the Union to erect a tariff against another state, it would be necessary to find some remedy similar in its effects; that is, to protect a manufacturer in a graduated tax state from the unfair competition resulting from the importa-

tion of the products of a trust located in a non-graduated tax state. This could be accomplished by levying upon the intra-state merchants that sold the extra-state goods a graduated tax upon the volume of sales of such goods at the same rate that would apply to the extra-state corporation were its plant located in the state in which the graduated tax was in effect. With this protection the home manufacturers and the sellers of the home product could sustain themselves against those endeavoring to break down a provision aimed against extortion.

The states would be assisted in agreeing upon the afore-mentioned concerted action by the creation of a delegate congress chosen to assemble at some point and formulate legislation recommended for adoption by the states.

CHAPTER III.

THE GRADUATED TAX A DISCRIMINATING TAX.

It will be observed that the proposed tax is a discriminating tax—one that bears more heavily upon some than upon others in the *same pursuit*.

It is this discriminating feature that makes the tax prohibitive for trusts. The highly taxed combine, because it has pitted against it in the same line of business a merchant or corporation paying a low tax, is forced to abandon the condition which brought the high tax upon it and conform to that encouraged by the low tax. It dare not, for any length of time, shift this heavier tax to the shoulders of the consumer by adding it to the price of the product, since the low taxed dealer stands ever ready to supply the same product at a lower price for an indefinite period of time.

So obvious is it that the predatory trusts could not defy a tax system based on this discriminating design that it appears to be hardly necessary to adduce further argument in sup-

port of this contention. And yet it seems needful to do so in order to combat that pessimistic notion that there can be no such thing as levying a heavier tax on wealth, and keeping it from being shifted on the consumer. This impression is very prevalent in spite of the clearest proofs to the contrary, and comes most likely from failure to take note of the difference in effect between a tax bearing equally upon all in similar pursuits and one bearing unequally.

Both systems of taxation are in familiar use, however, and they afford us all the light we need on the subject. We are told by these living examples that a non-discriminating or straight tax is an easy thing to bear, just as we are told the exact opposite in the case of the other system.

The non-discriminating tax is used in taxing spirituous liquors. The distillers are taxed at the enormous rate of one dollar and ten cents a gallon upon every gallon of their product. But all engaged in this manufacture are treated alike in the taxation. No one is possessed of such an advantage over the others in the matter of tax that he can prevent the others from reimbursing themselves for their heavy taxation. Consequently there is no restraining influence to deter any one. All make profits and main-

tain themselves as if they paid but little tax or none at all.

That the manufacturers of flour, sugar, and similar staples are more lightly taxed than the distillers makes no difference to the latter, inasmuch as the high prices set by the latter on their product for the purpose of reimbursing themselves do not drive their trade to those who do not manufacture the product.

The importation of foreign goods furnishes another instance of heavy but non-discriminating taxation. The importers pay a rate sufficient to yield the bulk of the immense revenue of the national government. But this tax being impartially exacted from both large and small dealers, the importers are not forced into bankruptcy nor experience more than the ordinary difficulties in maintaining themselves profitably in their vocations.

There is also a high tax on the tobacco industry, but as the rate is uniform the business flourishes.

So it is with the tax exacted equally from all in the same trade. Since no one has any advantage over his rivals in rate of taxation no one can prevent the others from reimbursing themselves by counting the tax in as an item of expense and recovering it in their business.

When we look for instances of the discrim-

inating system we find proof equally as good, both of the existence of the system and of its influence for repression. A marked example of the system and its method of working is seen in the banking law which imposes a tax of ten per cent. upon state bank currency in favor of national bank currency. Here is a discrimination between two similar commodities in favor of one institution to the detriment of the other, both of which desire to issue a circulating medium, and there is such a repressive influence upon the state banks that they are forced to yield to it.

The protective tariff furnishes us with another example of the discriminating system. Levying upon the foreign manufacturer in favor of the home manufacturer is exercising partiality between those desiring to supply similar goods to the American market, and it obliges the foreign concerns largely to stand aside in favor of American made goods.

The graduated land tax, adopted in Switzerland and the Australian colonies, is a discrimination between like and like in that it acts against large estates in favor of moderate landholding; it has effectually broken up land monopoly.

In these practical instances it is made manifest to us, in plain and convincing form, that

the imposition of a heavy tax untransferable to others is not an untried or failing experiment, but a problem that has been fully met and mastered. They demonstrate, too, that the feature insuring success is that of the tax bearing heavier upon some than upon others *similarly producing*. Such forceful evidences are they in behalf of that theory that they should dispel all doubt as to the power of the graduated property tax to prevent trustification and exploitation.

CHAPTER IV.

SAFEGUARDING INDEPENDENT CAPITAL.

IN the progressive system of taxation, as in any other, the assessment of the taxables must be made to harmonize with and to contribute to the main object. In consonance with this idea, then, it is urged that it would be well to exempt the residences and household possessions of the people from taxation, since they are being, unlike the rest of their property, sources of expense rather than profit to them, and to confine taxation entirely to the prevention of trust formations, as intended in making the tax progressive.

The kind of property upon which a graduated tax would be levied being thus indicated and limited, the taxables should be assessed at their actual values. This would be necessary as a guard against that failure in the corrective influence of the tax which would ensue from more or less undervaluing.

To further carry out the intent of the pro-

gressive tax it is necessary that, when the wealth of an individual is invested in different and non-related enterprises, each investment be treated as a separate and distinct object of taxation. This has as one of its objects the guarding of the non-trust capital from trust taxation in the case of the capitalist possessed of both classes of property. If, for illustration, a corporation maintains a coal combine, and besides this, owns and conducts an independent lumbering establishment, it would not be in accordance with the scheme of the graduated tax to include the value of the lumbering interests of the stockholders in that of their coal interests when taxing them for maintaining a coal trust. Manifestly, for trustifying their coal possessions they should bear the brunt of the discriminating feature of the tax, but only upon their holdings in the trust; and upon their lumber interest they should, for maintaining it independently of a trust, be tax-favored to the degree of being required to pay a tax rate adjusted to the value of the lumber business alone. The assessment of non-related enterprises as separate objects of taxation would make possible the disassociation intended.

The treatment of unrelated enterprises as separate objects of taxation has as another object to afford the millionaire an opportunity

to escape heavy taxation by distributing his wealth into many and various enterprises instead of retaining it in a single line of industry. Thus, should J. P. Morgan's fifty million dollar capital invested in some single line be a failing venture under a graduated property tax, the method of assessment would make it practicable for him to decrease the accumulative effect of the progressive tax by allotting a part of his capital to maintaining a sugar plant, part to a flour mill, part to some sort of steel manufacture, and part to such other enterprise as he might choose to invest in with this immense sum, and to conduct them as separate interests, in order to be removed from the danger of confiscation that would haunt him on account of the concentration of a mighty fortune in sole control of a great business monopoly.

To provide this way of escaping the hardship of the discriminating feature is in exact accord with the design of the graduated tax, for that design is not to raid the big interests but to compel the big interests to abandon the system employed by them for raiding the people. It is an expedient in direct unison with the theory advocated, for it emphasizes the sense in which the tax works by the rule of favor as well as forbiddance, reward as well

as punishment, and it gives further proof of the desirability that unrelated industries of an individual be treated as separate entities on the tax rolls.

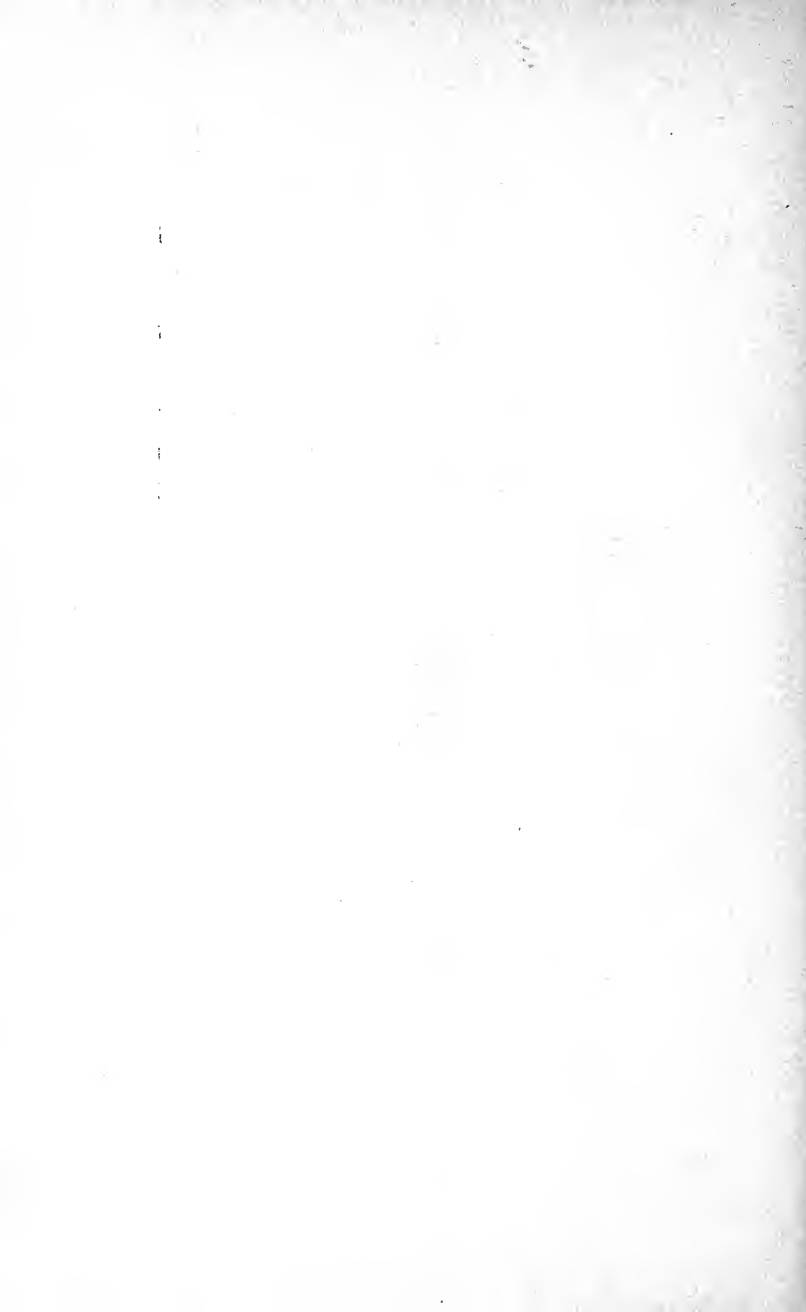
There have now been gone over the points relating to the purpose, method application, and expected developments of a measure intended to guard the people from trust domination. And sufficient has been disclosed, we believe, to give the reader an idea of the system and the possibilities claimed in its behalf. As a resumé of this phase of the discussion, then, let us question ourselves briefly with reference to certain of the broad general relations of the subject.

What, it may be asked, can be said of the power of the graduated tax, or lack of power, to restrain where check is meditated? The answer is to be found in the success of the discriminating taxes already in extensive use in this and other lands.

What of its ease or difficulty of application? The answer is that the graduated system amounts to nothing more than a modification of our present system of common property taxation.

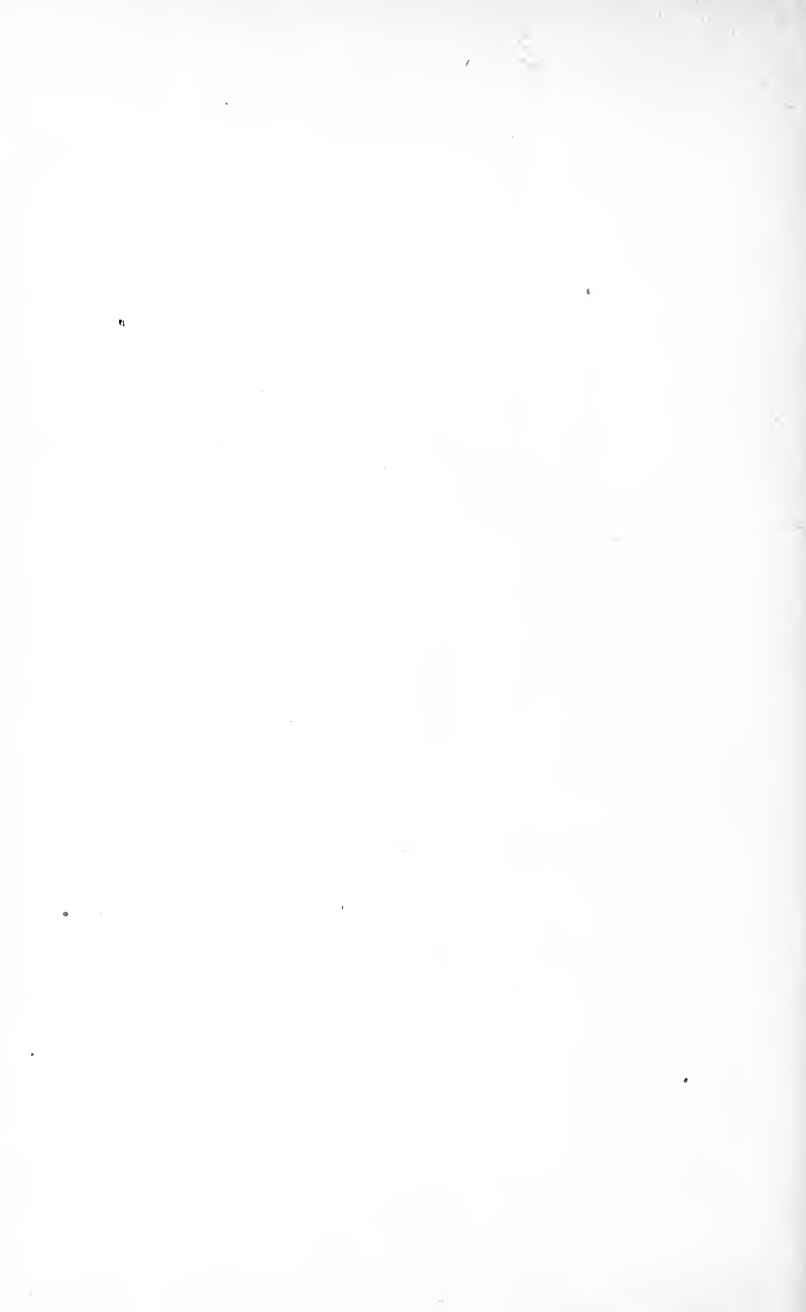
What, then, may be said of our submission to the exactions of those who have combined

many of the industries of the country into means of oppression? The answer may be succinctly and fairly expressed as given in the proposition on the following page.



PROPOSITION ONE.

The submission of the common people to exploitation by the trusts is an entirely unnecessary submission, because the trusts could be successfully curbed simply by changing our present method of taxing property.



CHAPTER V.

ADEQUACY OF CAPITAL IN INDUSTRIES.

THE advocates of monopolized industry endeavor to justify their methods with the argument that the larger the capital invested in any industrial enterprise the less the cost of production.

The argument is without substantial basis. Capitalization up to the degree of adequacy is the point at which the highest state of efficiency and cheapening of cost is obtained in production.

Industries which lack sufficient capital are naturally at a disadvantage as compared with concerns equipped with sufficient buildings, machinery, tools, raw material and general working means, but so too are industries which are provided with more than sufficiency.

The owners of over-large plants or combines can give only cursory attention to the details of their business, leaving the real management to others in their employ. This dele-

gated responsibility cannot produce the best results because it is impossible to get men to take the same interest in the business welfare of others that they take in their own. The very nature of man is antagonistic to the practice of the minutest productive economy when the fruits of his toil do not become his own, and as the owners of enormous concerns cannot give the personal attention necessary to secure this object it is inevitable that waste and loss should follow. The losses due to the lack of strict care here, the allowance of a small waste there, or the failure to get the most out of the equipment—things that would be prevented by a proprietor having a smaller concern over which he could give more direct supervision—go to make up a very large sum, when reckoned in money, that must be deducted from the actual earning power of labor and capital.

The owners of vast concerns cannot familiarize themselves with the details of operation to the same degree as agents and superintendents in direct contact with the actual work. Yet they are supreme in directive authority, and their subordinates, although they may be animated by the most conscientious desire to use their knowledge and skill to the best interests of their employers, are bound by their master's rules, and are consequently without power to

adopt the better methods their greater familiarity with the work in hand fit them to prescribe. From this ensues another kind of waste—waste of the superior knowledge and skill which the superintendents and others obtain from close contact and intimate experience with the industries with which they are connected.

In this age of invention and mechanics the practical managers are quickest to discern advantages and defects, but being without the authority that ownership confers, they are often obliged to retain mechanisms which their better-grounded judgments tell them are far from being the best that could be employed. This superiority of the ability to control, direct and adapt, then, becomes abortive and the valuable aid that practical talent would lend is largely or entirely excluded from the improvement and cheapening of production.

Self-interest, moreover, constructs policies to suit the situations of men. It is to the superintendent's advantage to preserve the esteem of the proprietor who engages him, it is also to his advantage to maintain the good will of the men over whom he exercises control. Good feeling between the men and superintendent gives the proprietor a high opinion of the superintendent's fitness for the position he occupies.

Thus the superintendent is protected in the enjoyment of his position and salary—the things of greatest importance to him. But it is a fact that the good will between the superintendent and men may depend upon favoritisms fatal to the best and most economical production.

The superintendent may find it to his advantage to flatter his master upon the latter's exercise of a judgment that is far from being sound. By so doing he attaches himself more firmly in the esteem of a vain employer and profits thereby, and while such conduct serves to promote the interests of the superintendent and is only the exhibition of a natural motive, it does not conduce to the cheapening of production.

Extending our consideration to the common workmen we fail to find superiority of merit in a system which increases the number of those deprived of the incentives of ownership. It only multiplies the number of operatives who are interested more in saving their strength than in putting forth energy and ingenuity in the creation of cheaper and better supply.

This is not all. Coupled with the inefficiencies growing out of repression and indifference are those resulting from weakness of mind and body. The meager wages which the mon-

opolists frequently compel their men to accept shuts them out of schools, churches, and the avenues to advancement and culture. That this, in the long run, produces inefficiency in the workers needs no argument to establish. It is only necessary to add that this is another of the weakening factors born of centralized over-growth, and that it greatly increases the cost of production; to such extent is this true that monopolies would not be self-sustaining did not the destruction of competition enable them to secure illegitimate profits.

The influx of capital into an industry has the effect of cheapening its products until the adequate amount has been reached. But when there is enough, success is marred by the addition of more. If the manufacture of a given line of commodities is divided among a number of independent manufacturers, all having the modern facilities for doing work, the result will be the production of wares upon the least basis of cost. This follows because there will be a large number of proprietors devoting their individual time to directly overseeing the work; because salaried superintendents not directly interested in the profits, being no longer needed, will be dispensed with as chief managers; because the direct contact of employers and men, as well as the better re-

muneration the latter will receive on account of the increased demand for labor, will secure the earnest effort, hard work, and united well wishes of the employees; because many employees will themselves become thrifty stockholders in the concerns and will have all the interest in the success of the concerns that ownership creates.

These are facts, and they are facts disclosing such hostility to colossal aggregation in industrialism as to stand by themselves, exclusive of the consideration of price control and other factors, as a vehement protest against undue concentration.

CHAPTER VI.

THE DECENTRALIZING FUNCTION OF THE GRADUATED TAX.

A QUESTION that naturally suggests itself here is, how far would the graduated property tax as a cure for swollen capitalization carry the work of decentralization?

It may be confidently answered that this tax would have effect of reducing industrial plants to the minimum of size compatible with completeness of equipment and working facilities. In other words, it would decentralize to the point of resolving the vast railroad mergers of the present into separate units or systems independently operated; to the point of instituting among factory operators custom of capitalizing their plants at nearly uniform sums which will be as low as possible but still compatible with perfect equipment and operation; to the point of securing to enterprises of a similar nature a fairly equal financial backing, which would always be as small as may be

consistent with ample trade needs; of substituting in the industrial system of the nation unit plants of adequate size distributed about the country in many and convenient centers of industry for the overgrown, cumbrous organizations now located in but few and scattered centers of industry.

Beyond this, the minimum of productive efficiency, decentralization would not go, for any attempt to operate with lesser means would be attended with shortcomings and drawbacks not to be compensated for by a greater saving of tax.

It may now be noted that at this stage of the decentralizing process there would be no discrimination. This would be so for the very good reason that the industry of reduced proportions, though in some cases necessarily still large, would be without a smaller-sized competitor that would be an object of tax-favor. The steel plant, the capitalization of which would be large even under the full operation of the graduated tax, would be at no disadvantage on account of the lighter tax enjoyed by the small store, flour mill or farm in its vicinity, for the latter, having no relation to the steel industry, would not be competitors of the former and could not use the difference in their tax rates as a means of ruining the business

of the steel plant. The large and heavily-taxed industry would have a *natural* monopoly up to the point of its minimum of size for successful work and on that account it would be privileged to recover, by the proper adjustment of prices, sufficient to recoup itself for the extra tax collected from it. While the recovery could not be more than was just sufficient for recoupment, owing to the competition of sister concerns, it would, on account of the absence of more lightly taxed producers of similar goods, be all that was needed. As the system of progressive taxation would work out thus in actual practice, the heavier tax levied upon the industry unavoidably large would no more be felt as a burden by it than the weightier tax which is now imposed on the whiskey, the tobacco, and the import interests is felt by them.

CHAPTER VII.

THERE SHOULD BE NO WAR ON CAPITAL AS CAPITAL.

CONDEMNING the misuse of wealth is not making war on capital. Capital is essential to production and trade, and the fact that it is essential makes it of paramount importance that it be properly used. It should be employed as the instrument of man's effort to facilitate his progress and to add to his comforts and joys, instead of being converted into a synonym of greed destined to hinder, disturb, oppress, torment and starve. It should be a servant at the disposition of all instead of a tyrant at the dictation of a few. Hence to object to its use as an instrument of exploitation and robbery is not to find fault with the endeavor honestly to accumulate wealth. Under a system that paralyzes every effort of the small producer and that looks to the building of great fortunes by the ruin of many, there can be no accumulation except in so far as it is the product of plunder.

For the development of great enterprises capital must be invested in large sums, but it is not an inexorable law of progress that sufficient capital cannot be obtained without ingenious manipulation at the hands of clever but unprincipled financiers. On the contrary, it is eminently feasible and practicable to have a perfectly honest accumulation of capital for the creation of vast enterprises. And there would be vastly more initiative and improvement than there is now, if honesty in accumulation replaced dishonesty and if the people were protected in their just dues.

The exploiters have a monopoly of the means of financing our costly enterprises because their system of plundering enables them to absorb the means. Permit the people to retain their earnings in full and large enterprises would be just as quickly financed as now, but it would be done by the people. It is the nature of money to gravitate to quarters where most wanted because it yields there the largest returns. Consequently under an equitable system of industry and trade, large enterprises would be more plentiful than now, with this difference, moreover, that investments would be distributed fairly and honestly among a great number of stockholders both large and small found in every station of life.

There is no reason, except the desire of capitalists to plunder the people, why every community should not furnish the capital for the construction and ownership of all its enterprises. Permit the common people to retain a fair hold upon their wealth and communities will take care of their own enterprises in a manner that will result in the establishing of local manufacturers, of individual ownership of homes, and of the development of the whole country to the general enrichment of the people. Plutocratic ownership of everything worth having, converted into means of plunder and oppression, is not indicative of a normal state of affairs. It is simply the outgrowth of the supremacy of greed.

CHAPTER VIII.

{THE GRADUATED TAX IS UNFAIR TO NONE.

ALTHOUGH the graduated property tax bears outwardly a sinister aspect toward great wealth, its consequences and corollaries reveal it to be most fair to the possessors of large fortunes. It is true that the tax would sound the death knell to that species of capitalistic combination constituting plundering devices, by rendering it unprofitable to organize industrial establishments in trade-monopolizing proportions, but the fact that the tax is a trust whipper does not signify that there is no way to avoid the result of its confiscatory tendency. For there are various ways by which the monopolists, acting under the exigencies imposed by the graduated tax remedy, could effect vast reductions in the tax rate with which their possessions would be threatened under their present state.

One of the ways open to them would be to squeeze the water out of their capitalization.

They could say to the possessors of the unjustified stock certificates, "You received this stock without value given, and you have profited all these years from its worth as a dividend producer; you should now be satisfied to have it go into the incinerating furnace."

By cutting down a two hundred million dollar consolidation, composed half of water, to its actual value of one hundred million dollars, the tax would be reduced, under such a schedule as that given in the table in Chapter One, from a rate of ten and 95-100 cents on the dollar to a rate of five and 95-100 cents on the dollar.

A second means of reducing the tax would be to dissolve monster aggregations into the several corporations of which they were composed.

The controllers of a one hundred million dollar combination composed of a half dozen separate coal mining operations, for instance, could, by dividing these plants among themselves and conducting them as independent enterprises, effect another reduction of their tax rate, say from five and 95-100 cents to two cents on the dollar.

If, after this division, it were found that the plants were still so overlarge and tax-burdened as to need, for good business policy, still fur-

ther division, this could be effected and the tax brought to as low a rate as one cent or one cent and a fraction on the dollar.

When tax-saving had been perfected by reducing the industries to the smallest size compatible with completeness of resources, equipment and working facilities, the combinations of wealth, previously under the restraint of a forbidding tax, would now, since their dissociation, be left unhampered, owing to the fact that the progressive tax could no longer discriminate against them.

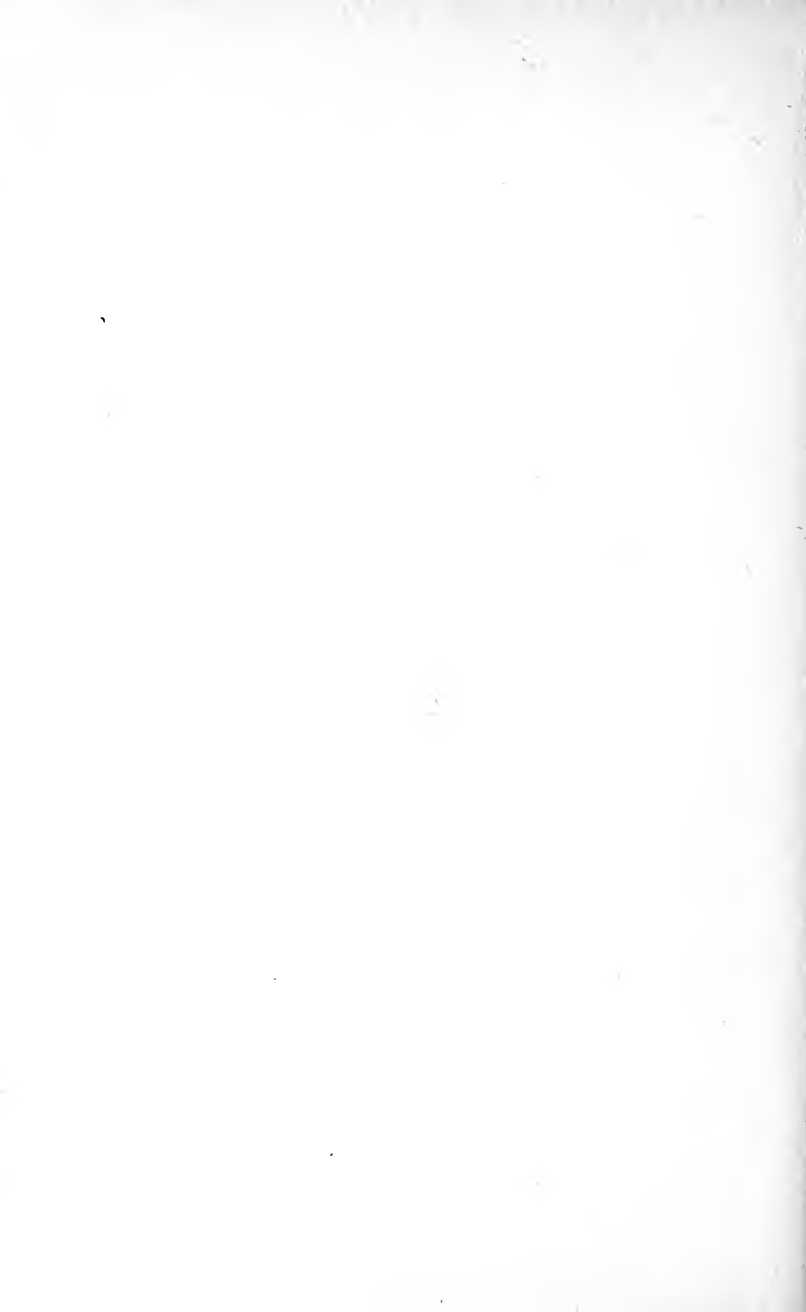
Seeking, therefore, not to institute poetic justice, but only to render it impossible for great wealth to group into gigantic looting conspiracies, and not denouncing fortunes as fortunes, but giving the John D. Rockafellers of finance opportunity for the retention of their riches, in forms conducive to the common good, the graduated property tax would realize for the usual victims of monopoly the benefits of a square deal through assuring to the captains of finance a similar consideration.

In view of the tolerance of the described system toward large wealth, what may be said of our resignation to the specified rapacity. The reality may be squarely affirmed as in proposition Two.



PROPOSITION TWO.

The submission of the common people to exploitation by the trusts is a totally inexcusable submission, because the trusts could be abolished without real harm to any interest.



CHAPTER IX.

THE KIND OF COMPETITION THE GRADUATED TAX WOULD ABOLISH.

OUR present industrial system presents this anomalous picture—the “few,” the great monopolists, exempt from competition, controlling the staple industries, side by side with the many, competing with each other for employment or in the remaining and less important industries.

What kind of competition the struggle of the many to exist and prosper under the condition of lessened opportunity entails we may see by looking around us. We see that it is marked by strife and conflict, by antagonism among the masses crowded into the pursuits not yet monopolized. We witness further the endeavor of monopolists to make three lagging industries thrive when two would have prospered had the capital of the third been left with the people to develop trade to match the two. We behold the rivalry of producers trying to make

sales among a class that has been robbed of its means of purchasing, the competition of money lenders to find borrowers when the people have become aware that the returns of production do not equal the expenditure; the desire of owners to sell their homesteads to avoid foreclosure; the competition of laborers for the opportunity to work when the minor industries cannot afford to hire and the trusts have a plethora of workmen.

We observe that this competition is fiercest when overproduction has reached the maximum and when merchants are doing their best to unload left-over goods upon the impoverished people in exchange for the savings of former days, either accumulated or inherited; that this competition is attended by low prices, commercial failures, foreclosures, riot and rapine—the inevitable outcomes of the maladjustments imposed by an unnatural distribution of earnings.

This kind of competition, retrogressive and ruinous in its consequences, is an amorphous creation of the trusts and would be displaced, under the workings of a progressive tax, by a competition of the legitimate, wholesome type presented in the next chapter.

CHAPTER X.

THE KIND OF COMPETITION THE GRADUATED TAX WOULD ENCOURAGE.

THE character of the competition which the graduated property tax would encourage and set in operation may best be shown by outlining the general results that would ensue if competition were allowed to work unimpeded by trust restriction.

Free and unhampered competition would in the first place bring about an equalization of profitableness in the different trades and business ventures.

To understand why this would be so, we have but to call to mind that the natural impulses of men lead them to ally themselves with such enterprises as happen from one circumstance or another to be most profitable, and that in an unhindered state of competition this impulse would have full and free exercise instead of being curbed by monopolistic organizations.

But since the abandonment of the less remunerative pursuits for the more profitable ones would bring about increased remuneration in the pursuits so abandoned, and would also cause a corresponding decrease in profitability of the preferred occupations, it is evident that a balance would be reached at which there would no longer be any enterprises of low profit that could be discarded for better paying ones. Hence, the one certain effect of a free and unrestricted right to compete is equality of rate of profit in all industries.

If competition were freed of the throttling hand of the monopolies another result would be the equalization of demand and supply. In corroboration of this statement we have only to remember that the less remunerative occupations are the ones whose products exceed demand; also that the more remunerative pursuits are the ones whose products fall short of the demand. It is evident, therefore, that should people desert the less profitable for the more profitable pursuits until the rates of profit were equalized, they would, by the very same process, have caused supply to equal demand, and thus have prevented both overproduction and underproduction.

Moreover, unhampered competition would make for equality between merit and compen-

sation. This comes as a natural sequence to the equalizing of profitableness. Since none would be compensated at a greater rate per cent. than another under the fostering influence of free conditions for competition, the amount of compensation that would be meted out to any worker engaged in the creation of commodities or in distributing them, would be gauged by the actual local value of those commodities.

With competition rendered universal, shutdowns and business depressions would be avoided, employment would be regular, the annual increase in wealth would become a half more or double, and poverty, hardship, and the crimes which grow out of distressing want, would be abolished. This would be the natural outcome of that equalization of demand and supply which effects the consumption of all products in season and keeps the capacity of production constantly and steadily at the maximum.

With competition general and unhindered, rivalry would be moderate and friendly, because all would be certain of marketing their wares in season, and the trend would be to provide the genuine instead of the spurious, because all would have means to buy the best.

Unrestricted competition would enrich reg-

ularly and proportionately both capitalist and laborer, leaving the former with no excess with which to overbuild, and the latter with no lack of means with which to supply himself with all that is essential. This would be the inevitable result of all being similarly served in the distribution of profit and reward.

These, then, would be the industrial results of the free and unrestricted play of the natural trade law handed down by the infallible Author of our being for our common guidance in trade.

How vast the difference between this salutary state of affairs and the shocking derangements produced by the monopolistic interference with nature's method!

The wheels of industry shall no longer be periodically idle. The system of plunder by special privilege shall go. The acquisition of stupendous fortunes by a favored few shall be replaced by the opportunity for all to earn a competency. No longer shall the whole earth be searched to find a market for our surplus, but ready money at home shall permit no surplus. No captain of industry shall seize a conqueror's share, and no man shall be so plundered that he may not own and enjoy his own home. The day of the monopolist shall pass and the morning of opportunity shall dawn.

These things shall come to pass under a system of free competition.

So simple an expedient as lifting the heavy end of taxation from the weak shoulders of small wealth and resting it on the stronger shoulders of large wealth will inaugurate this system of free competition.

CHAPTER XI.

FREEDOM OF COMPETITION IS ESSENTIAL TO THE PUBLIC WELFARE.

THE competition which the decentralization of the huge combines would put into free play assures the desirable results pictured in the preceding chapter. Moreover, the inception of these results is impossible unless competition is no longer hedged about by the unjust restrictions of the trusts, because of the complexities attending the problem of the distribution of earnings.

The excellent results before referred to are simply the fruits of an arrangement that gives back to every individual the precise amount of wealth he has been instrumental in bringing forth. But the determination of the amount or the value of what one has created and of what should be his consequent reward is complicated in every case by so many contingencies, possibilities, and hidden eventualities as to place the problem entirely beyond human

solution. We are prevented by our restrictive powers from discovering what is the real value of any particular commodity brought into existence by a unit of labor or capital operating during a specific period of time. Unhampered nature herself is the only agent capable of performing this intricate task.

Were the exploiting monopolists, for any reason, to attempt to give the public a faultless distribution of earnings they could only fail in their endeavor. For such is the limit of man's mental powers that he may not successfully substitute his own notions for the resistless workings of nature's laws. And if he attempts such substitution he denaturalizes the normal conditions into instruments of punishment for himself and those who permit the offending.

How perilous it is to proceed at cross purpose with nature in this department of terrestrial activities is seen by reference to the social afflictions that torture us upon every hand.

Since the early days of barter and trade competition has been more or less curtailed. And co-extensive with this curtailment there has been profound social and business disturbance, distress and discontent.

The whole history of business argues against the suppression of business rivalry and for the

contention that competition is a natural law designed by the Creator of man for the latter's guidance in the matter of profit and wages. It supports the proposition that competition must be reinstated fully and freely if we are ever to have wages and profits adjusted in their proper proportions, and to the ideal of general satisfaction and content.

There is no alternative method that will serve. Artificial expedients are a peril, and the greater the proportion of divergence from the natural the greater the degree of peril.

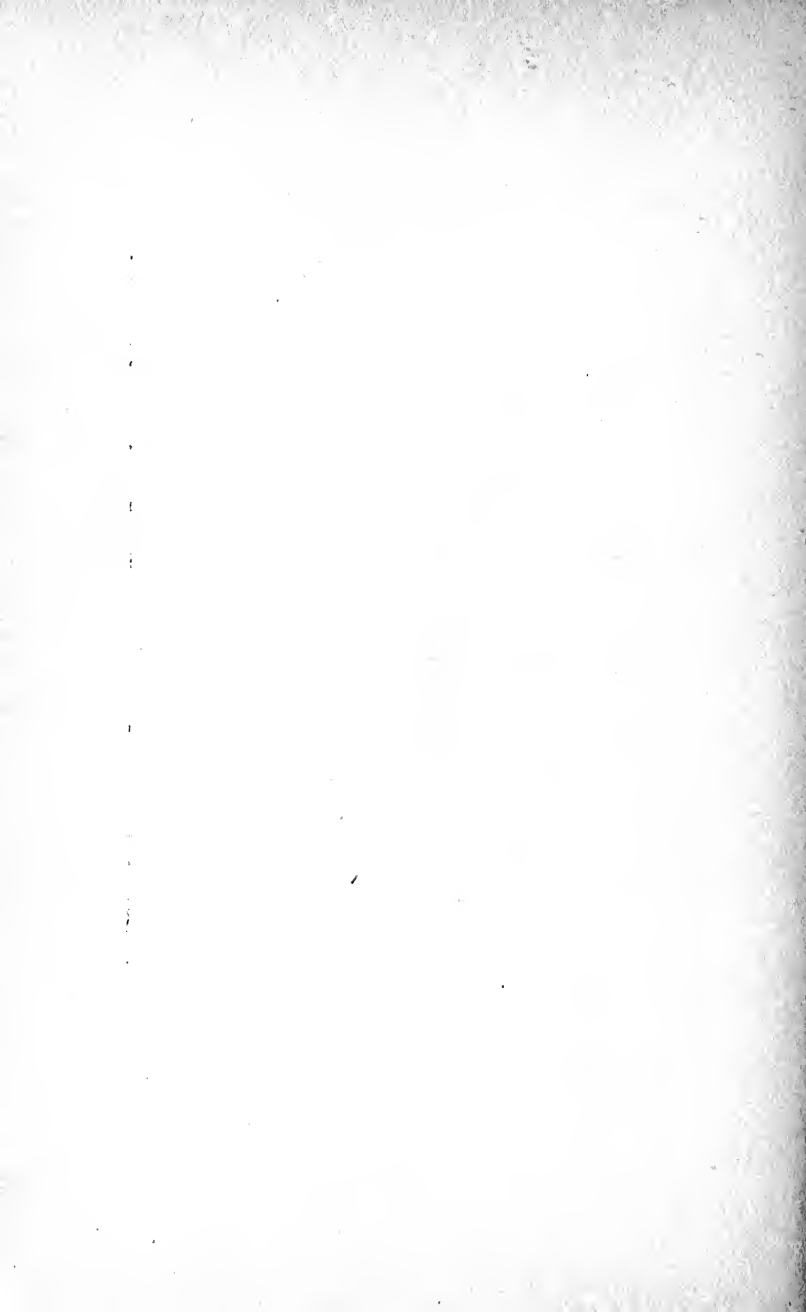
The profound woes with which the race is cursed are due mainly to the check upon the free play of competition. It is one of the natural provisions that cannot be infringed upon with impunity. As well expect to plunge headlong from the housetop without paying for the folly in broken limbs and bruises, as to hope to violate the natural law of trade and escape the evil consequences of so doing.

He who chokes off competition between himself and the masses accumulates unearned wealth, cheats his fellow, and is responsible for poverty, misery and crime. He narrows the sphere of friendly rivalry and finally forces it to become transformed into a spirit of warlike strife in its restricted confines. He prevents that fair play which would compensate

each one according to his deserts, proportion production to consumption, keep the wheels of industry in a constant revolution, and make comfort and culture the ordinary lot of all.

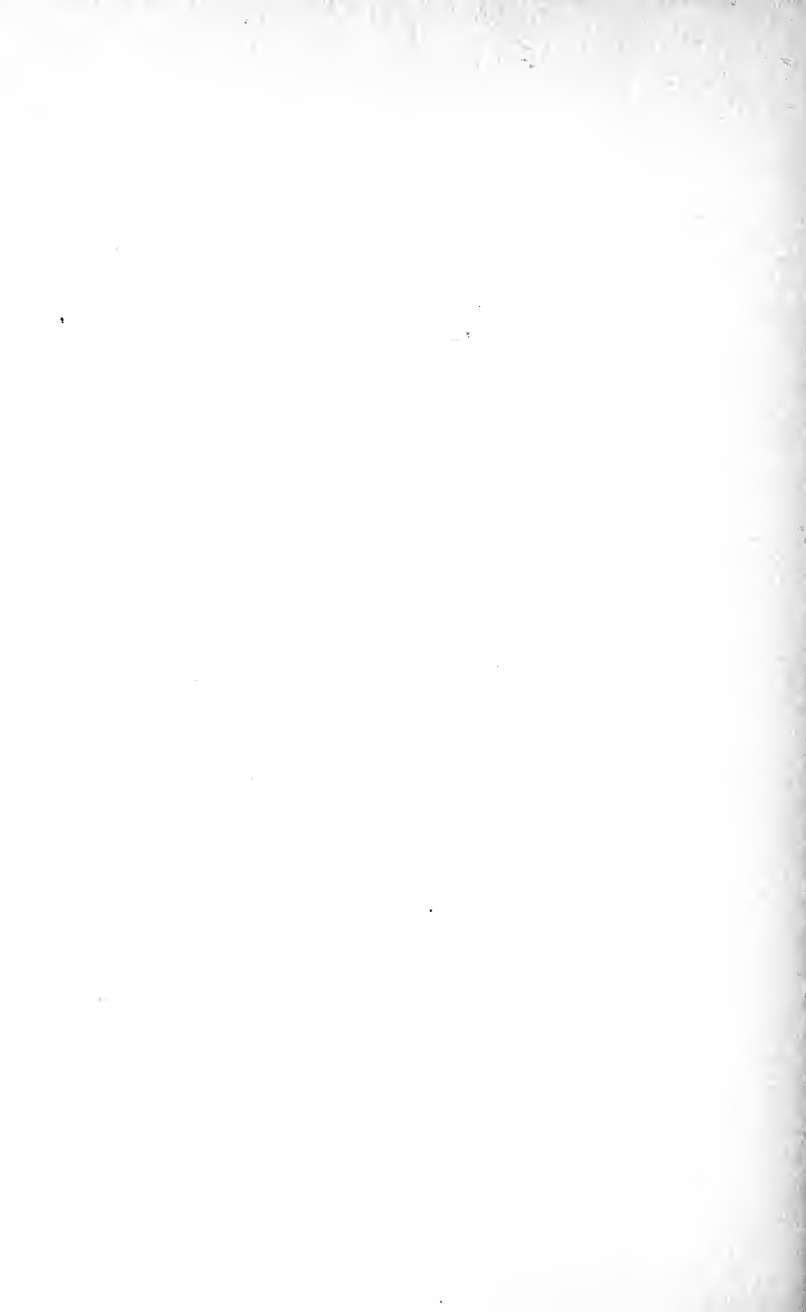
The restoration of competition to unrestricted exercise is the only possible method of elevating us all to a superior standard of welfare.

We may now proceed to our next proposition. As it is evident that the conditions attending the one-sided competition are inexpressibly bad, for both classes of wealth, the trustified as well as the independent, are we not warranted in setting forth the proposition on the following page as the truth?



PROPOSITION THREE.

The submission of the people to the destruction of competition is an unwise submission, because the natural law of competition cannot be safely superceded by any artificial scheme.



CHAPTER XII.

PREDATORY METHODS OF GAINING WEALTH.

POWERFUL oil interests conspire with the railroads to bankrupt competitors by systems of freight rebates that enable the conspirators to undersell all others in the markets. What they fail to accomplish in this way they secure by gobbling up rival pipe lines. Having killed competition, the conspirators proceed to boost the price of a natural commodity that seemed designed to be next to water in cheapness by entering upon a career of over-charging and plundering that elevates them to chieftancy among the world's money kings within the space of half a generation of time.

Lordly meat-packing interests combine to exact unwarranted profits by cornering the business of packing and shipping cattle and pork in the West, and then dictating prices both to the shipper of the live animal and to the consumer of the dressed product. The effect is to drive the normally profitable business of stock-feeding into rapid decline and

loss, to bankrupt thousands of farmers, to render the prices of meat almost prohibitive for the consumer and at the same time make multimillionaires of the members of the meat-packing clique.

Greedy railroad magnates, intriguing against the people, capitalize railroads on a fictitious valuation in order that large sums may be realized on the sale of the stock and borrowed on bond issues. Until all these securities can be unloaded upon a confiding public, dividends and interest are paid upon them by diverting the money away from repairs and letting the road run down. By the time the lambs have been cajoled into purchasing the securities the road is such a debt-burdened scrapheap that by no stretch of imagination can it be considered a possible dividend payer. The claims of the stockholders are then forgotten and the earnings applied to reviving the working condition of the road, a proceeding that serves the double purpose of upbuilding the road for the conspirators and enabling them to repurchase the stocks at a sacrifice, with which to repeat the process of fooling the lambs. Eventually the railroads of the nation are theirs. Coupled with this perfidious deception and robbery is a system of freight and passenger rates as extortionate as the traffic will bear.

Great jugglers of finance and their agents conspire to subject the entire populace to a state of interest-paying dependence. The earth is their field, bond shaving their profession, and the use of bribery and corruption for the effecting of unholy and one-sided bargains their common practice. The national bonded debt for carrying on the Civil War could have been avoided or kept vastly smaller but for their corrupting interference. These debt-manipulating sharks would make the peoples of every clime tax themselves twice, once to support their own governments, and again to pay interest to the sharks. And they would subject every industry to the same necessity, by compelling it to earn a revenue for them in addition to that which it must have for itself. And so insistent are they for their pounds of flesh that they will view with serenity the beggaring to their graves of thousands of Hindu subjects, the murder of a race of Armenian citizens, or the wholesale starvation of a whole population of hapless reconcentrados before they will consent of their own accord to a dollar's depreciation in the value of their bonded obligations or to the default of a cent in the amount of the interest.

The foregoing are but illustrations of the methods of the spoilers engaged in perpetual

schemes of deception and plunder. Telegraph and telephone trusts, street-car and electric light monopolies, corners in the cereals of the farm, hundreds of combines, and speculations in scores of products and in all classes of securities, go to complete a list of offences which make this age notorious for its industrial exploitation and financial trickery.

Bereft of all business honor, and thoroughly oblivious to the rights of the people, these cormorants know no creed but selfishness and are moved by no impulse but that of gain. Blinded by their cupidity they cannot be convinced of impending dangers, and hardened by the incidents of their despotism they cannot be moved in their sensibilities. So they go headlong, threatening the destruction of our institutions and the undermining of their own support by plunging the people into a state of poverty and inability to buy. Gouging and plundering, bribing and coercing, corrupting and oppressing as they do, these devotees of the Religion of Greed are in the eyes of the moral law, if not the criminal law, villains a hundred fold more perfidious and deserving of punishment than the most bloodthirsty anarchists and bomb throwers.

Yet these are the people that dictate the legislative, executive and judicial policy of govern-

ments!—that would have every important affair of state shaped in harmony with, or subordinated to, their individual interests and designs!

CHAPTER XIII.

"BIG BUSINESS FOLLY" AND THE COST OF IT.

THE exploitation of the people by the "Interests" is what may be termed "Big Business Folly," for it consigns a large percentage of the wealth of the nation to a state of inaction. The wealth which is gouged by the trusts from the people's just share of earnings invariably subsides into disuse. It can no longer be of service to the victims of the gouging because it composed a portion of their means of purchase and the theft of it leaves them weakened to that extent in their purchasing power.

In the possession of the exploiters this booty becomes equally unserviceable as a means of human aid, but owing to a different reason. It fails to be of any practical use to the plunderers because their business and personal needs were already amply met by that proportion of profit on their investment which constitutes a "square deal." It is a useless superfluity in their hands, made so by that plundering process which

leaves the people without any foil for it in the give and take of trade.

Of course the interests do not subscribe to this theory. They believe that in plucking the people they are setting themselves just as much ahead in the contest of wealth-getting. So they go on and employ their "velvet" in the search for a still greater degree of profit—and graft.

Some of this stolen wealth is invested by them in enlarging their mining, factory, and other operations. But that only adds to the discrepancy between their capacity to supply and the ability of the plundered people to buy.

A favorite scheme of Big Business is to seek a foreign market for their stolen surpluses. But the commodities taken in exchange are still beyond the reach of the plundered people.

In other ways the portion stolen from the people is caused to play its devious part in the pursuit of additional gain for its masters. But at no time does it take a natural place in the economy of trade. Always constituting, in the hands of the looters, a superfluity over that which is essential to their capitalistic needs, the tribute remains without the pale of utility, unused in the normal process of creating wealth.

What does this folly cost us in the way of discomforts?

The instant cost is to be found in the retrenchment imposed as a necessity—the obliging the victims of the plunder to live on a lower plane with less of the good things of life than would have fallen to their lot had they not been robbed of a share of their earnings.

But this is not the sole nor the chief cost, as the worst is an after-effect. To keep the wheels of industry constantly in motion, with resulting well doing to the people, the producers of the means of subsistence must be continually clearing the way for new supply of commodities by purchasing them as fast as they create them. This they cannot possibly do if the compensation of the great mass of the consumers falls below their earnings. Consequently the stolen share, except such part of it as is wasted in riotous living and extravagances by the looters, is bound to appear in the channels of trade in "overproduction." Thus it becomes the common cause of business depression, closure of industries, lack of work, and their attendants, poverty, wretchedness and crime. Add this result to the self-denial the plundering first necessitates, and one has an idea of the tremendous price we pay for the

folly of having a portion of the people's earnings greedily shelved, during the course of production and trade, into a state of unavailability for common use.

CHAPTER XIV.

THE "BIG STICK" OF "BIG BUSINESS."

FINANCIAL panic is a club that is swung by the Interests to intimidate the people and prevent them from making laws that will interfere with their schemes and exploitation.

The plying of this bludgeon is so disastrous to ordinary business and wage earners that the people are extremely loth to make or enforce laws that will provoke its blows.

But, under the operation of a tax graduated to bear more heavily upon large than small wealth, the trick of panic-making could be easily prevented by providing, through appropriate legislation, those who were thrown out of employment with public work, such as road building, improving waterways, and so forth. As the greater part of the cost of the tax expense for this work would be borne by the Interests, on account of their heavier rate of taxation, the effect of the graduated tax would be to discourage them from using this "big

stick." In other words, the adoption of an employment measure in connection with a graduated tax would put such a club practically out of commission. The Interests would not invite upon themselves the extra taxation which would follow their engaging in such coercion.

An employment measure as a check to machine-made panics would be a peculiarly appropriate one because it is a policy defensively strong on general principles. Public work for the indigent unemployed is a measure that is needed under any condition. Organized society is under a moral obligation to give work to the man who needs it, and the fact that this has not been done is simply a proof that society has not been doing its duty. The very existence of men in idleness and distress, in a country with resources sufficient for all demands, is evidence that there is a defect somewhere in the social organization.

In many of the channels of industry there is an unfair distribution of earnings. The graduated taxpayer says that the cause of this is the neglect of society to protect itself from the throttling of competition. Whatever be the cause, the omission to so provide that all may earn sufficient to live in comfort is a defect for which society should make amends by furnishing, as above suggested, public employ-

ment to those that have become the helpless victims of such neglect.

The same motives that exist for caring for the aged and decrepid, and for restraining the criminal and vicious, exist for giving employment and remuneration to the hungry and needy. Why wait until a man is broken down in health and has been driven to the verge of inveterate pauperism before administering aid? Why deprive society of his usefulness as a wealth-creator by forcing him to remain in idleness?

The policy of giving employment would enrich us, while the support of men in idleness by charity represents a distinct loss. We would save also on the maintenance of county homes and hospitals, and on criminal courts and jails. Better yet, this policy would give comfort in the ranks of the wage earners that would replace hunger and wretchedness. It would give trade to our merchants instead of business depression and bankruptcy. It would give us something in value in return for our taxes, whereas mere charity and the punishment of criminals does not.

It it be urged that the proposal to give public employment to the enforcedly idle is socialistic, then it must be held that repairing of our township roads and borough streets, building

our canals, maintaining the postoffice, and training our children in the public schools, and the administration of our laws and courts of justice, are socialistic, for these could all be performed by private enterprise.

Such are the justifications that may be advanced in behalf of a public employment measure considered alone. It is a means that would work benefits very similar to those sought through the graduated tax and on that account is peculiarly suited to be coupled with the tax as a means of human uplift. As a corollary to the graduated tax it would, by putting the burden of public employment on large wealth, move the Interests to renounce all idea of resorting to the use of the panic club.

A summary of this section of our treatise may be stated as in proposition Four.



PROPOSITION FOUR.

The submission of the people to trust methods is a thoroughly mistaken submission, because the trust system works against and not for the best industrial progress.



CHAPTER XV.

SOME MISCONCEPTIONS OF ECONOMIC QUESTIONS.

ACCEPTING the conclusion that the arbitrary determination and maintenance of prices by the monopolies is followed by evil effects upon the social organization, how are we to account for their persistence as an element of our industrial system.

Here, as in the consideration of all problems of life, we must make due allowance for the fallibility of the mind. We are apt to err both as to what are the real advantages in life and as to the best method of obtaining those advantages.

Concerning the topic under discussion, here we find an individual who believes that the concentration of capital in the hands of a few leaders, with the mass of the people existing in a state of dependency upon those leaders, is the best form organized society can assume. A person holding such views is, of course, willing that one small class of society should com-

pel another, though larger, class of society to pay tribute to it.

This person's neighbor may be alive to the injustice of this extortion and yet honestly believe that the concentration of capital is inevitable and necessary, and that the evils resulting from such a system, however much to be deplored, must be borne. He is disposed to make the best of such conditions because he imagines it to be a hopeless task to try for aught else.

Some decline to concede innate equality of rights to all and maintain that a select class is entitled to the luxuries of the earth, and that the common people have their deserts when they are left an ordinary subsistence.

Others, believing in the theoretical equality of rights, deny that the evils of society are caused by the exactions of man from man, and assert that they have their origin elsewhere. Such as they do not denounce exaction because it does not appear to them to be the chief evil of the times.

The avaricious individual who accumulates millions by plundering a nation does not realize that he is undermining the foundation upon which the well-doing of all wealth depends. He favors exaction, although he does not call it that, because he fondly imagines that he is

thus laying the foundation for his own welfare and that of his heirs to follow.

Finally, there may be some who comprehend what is best for our welfare and the actual cause of our oppressed condition and yet be unable to see the way to the promotion of the one or the extinction of the other.

Such opinions, or lack of opinions account, we believe, for much of the indifference felt in regard to the need of social advancement, and for the usual tame submission to the predatory exploiters.

CHAPTER XVI.

THE FALLACY OF ALTRUISM.

BUT, though man may err in his methods of attaining the *summum bonum*, why, let us inquire, is he willing to profit at the expense of fellow beings whose rights he ought to respect as human beings like himself?

We have only to remember that the principle of self-preservation, otherwise self-love or self-interest, is deeply rooted in men, ever leading them, with more or less diligence and variety of method, to give preference to themselves in the struggle for benefits. This self-love (which must not be confounded with selfishness), considered simply from the standpoint of primitive human nature, is stronger than love for any external person or thing.

We are not to suppose that men generally delight in causing human distress by encroaching upon others' rights, for, at least before the heart becomes hardened, inborn human sym-

pathy tends to restrain one from injury to his fellows.

But we are to suppose that man encroaches, when maladjustments in social conditions invite the evil, because, while he may like to avoid distressing his fellow he likes still more to satisfy himself.

Let us now look into the nature of some of the remedies for encroachment.

Some will say, "educate self-interest into the background." They believe that if self-interest could be made to yield to the power of sympathy, charity, or the altruistic principle that men should regard the welfare of others above their own, the happiness of the millenium would be ours. But those who hold this view, it is respectfully contended, labor under delusion.

For what would be the consequence to the human race if man's nature were suddenly transformed so that self-interest stood subordinated as a spring of action, and concern for the welfare of things other than self became the ruling stimulus? There would follow the speedy extinction of the human race. Because, if a man loved to have all other things preserved as they are rather than himself preserved as he is, he would suffer himself to perish of want before he would molest them

for the procuring of nutriment. Since he would not perform the important function of perpetuating himself, much less would he be likely to look after his own welfare and progress.

Then, suppose the self-interest of man were inferior only to his regard for his fellowman, but holding the usual sway over his attitude toward the lower orders of things. He would be but little better off. For if his regard for his fellowmen were his greatest concern, he would spend his time needlessly proffering his aid to others, only to find them similarly engaged in a fruitless endeavor to aid him. Under such conditions the world would be overgrown with weeds and tares and nothing would be brought forth to prevent man from starving off the face of the earth. Even if man's love for others were just equal to his love for self, it would avail him nothing, for his arms would be paralyzed by his inability to choose whom to serve, himself or his neighbor. Prospects such as these confront us when we think of placing self-interest in the background, supposing it could be done, and attest the futility of looking for relief in this direction.

The predominance of self-interest is for a wise purpose. Since self-interest is supreme, the emotions of pity and tenderness cannot stay man from slaughtering the lower animals

needed for food. Likewise, all question as to whom chief aid should be given is at once answered by the innate demand that each one be the principal beneficiary of his own acts.

It is the plan the Creator has adopted to have us accomplish what we were born to do. He moves us to the fulfillment of our mission by causing each to attend primarily to his own welfare, designing the independent well-being of the unit in order to accomplish the collective well-being of the whole.

We see, then, that the preponderance of self-interest in us is an indispensable provision for our safety, though it does lead one, when the conditions are false, into profiting at the expense of his fellow.

CHAPTER XVII.

REGULATING TRUSTS BY FINES AND IMPRISONMENT.

LET us look into the plan of preventing the encroachment of vast combinations of wealth upon the rights of the people that is comprehended in the usual fine and imprisonment codes.

Prevention by this method is to be condemned, in the first place, because the remedy is one calculated to shape itself into an instrument of oppression. That is, the result which would be carried into execution in the event of successful enforcement would consist less in preventing of extortion on the part of the predatory class than in turning the tables and exercising extortion upon them.

Some may be inclined to differ here and contend that the people at large would stop at a just and reasonable limit in their demands upon their former exploiters. But partisans of this view have not stopped to analyze closely

the character of human inclinations. If we could, by the scheme of fine and imprisonment, enforce obedience to our likes in the distribution of earnings, would we stop short of profiting to the same degree from monopolists as they now are from us? Our appreciation of the nature and force of self-interest precludes any such conclusion.

Inasmuch, therefore, as the object to be attained is not to transfer from one to another the opportunity for extortion, but to banish entirely from society an evil monstrous in itself and in the consequences it entails, the imposition of fine and imprisonment penalties should be condemned as altogether undesirable by those who cherish the welfare of the people.

The method of fine and imprisonment should be objected to, in the second place, because it is a ludicrously impracticable scheme. How hopelessly impotent it is, we see when we remember the utter futility attending our attempts to curb the trusts and illegal combinations.

What is the outcome of so much wasted effort? For ourselves, a continuous endeavor to keep large capital within the bounds we may deem proper; for the exploiters, a cynical disregard of our attempted restraints and the free use of the opportunity left open to them to

effect combinations through which to dictate prices.

Our penal codes for the curbing of monopoly have always been the deadest of dead letters. Where is the law for regulating the management of the railroads, for fixing wage schedules, or for controlling predatory combinations in any way that has been of appreciable good? It is not on the list of distinguished successes.

Why this mode of prevention should prove itself to be an outright failure, there is abundant reason. In its adoption and employment we have put ourselves in direct antagonism to, instead of working harmony with, the unconquerable spirit of self-interest. We are endeavoring to make men forego the use of the greater opportunity for the accumulating of gain and at the same time we have failed to shape that opportunity so that the better chance for profiting lies in staying out of, instead of going into, the trusts and combinations.

Self-interest is indomitable; fine and imprisonment laws are worthless; we are helpless before our aggressors. On the other hand, could we achieve our ambition to bring our exploiters into subjection, we would be unable to avoid becoming aggressors ourselves. This

is the situation as seen in the light of the facts.

Is there, then, no remedy? Which way shall we turn for relief?

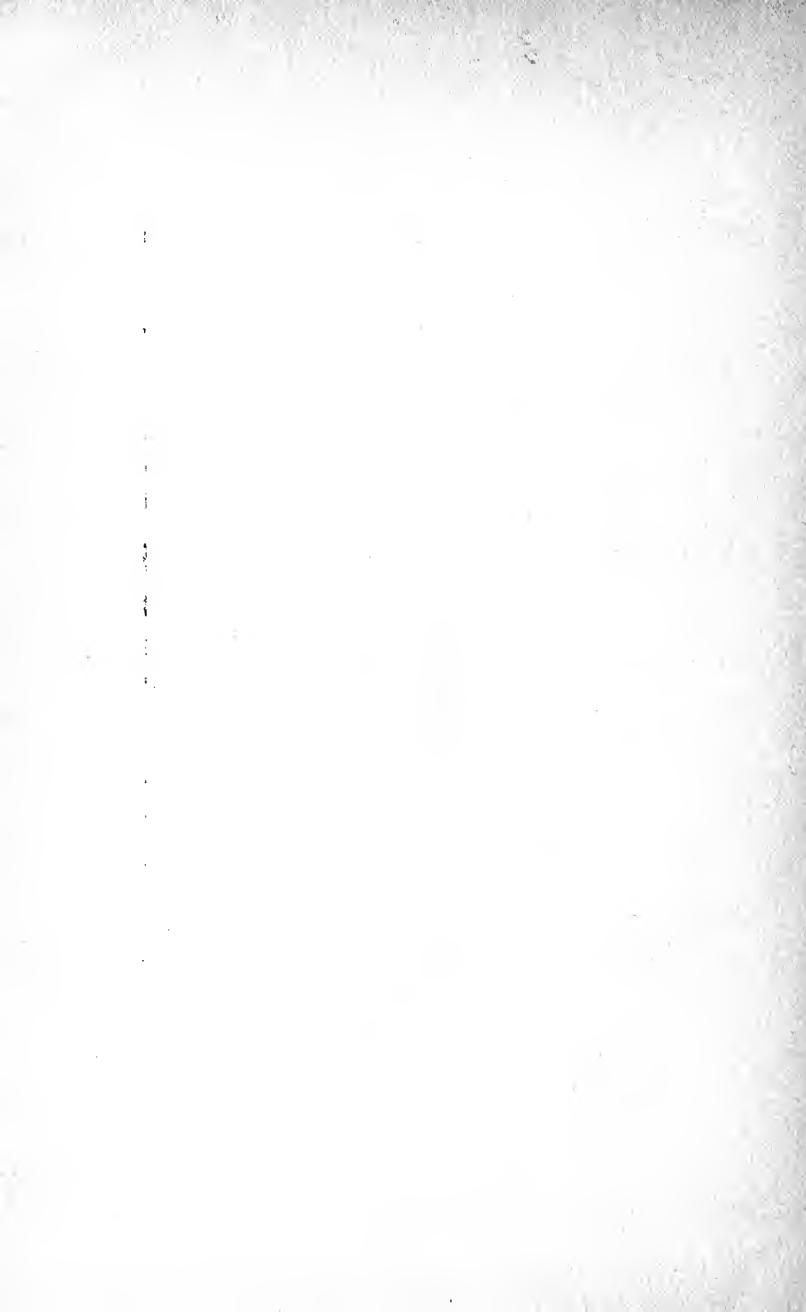
This way: Recognize that self-interest predominates in man and that this attribute disposes him steadily and sternly to seek the greatest possible profit for himself. Recognize that it is neither desirable to dissuade men from endeavoring to gain the greatest profit nor possible to prevent their so doing. Then shall we perceive that in planning anti-trust legislation it is essential to take the principle of self-interest into consideration, and that we can achieve success only by framing a law in such a way that it will bring about the co-operation instead of the antagonism of the great capitalists.

When we shall have fully realized this, we shall be able to see how practical a remedy the graduated property tax is, for it, alone of all measures that have ever been devised, would cause combinations of capital to separate into independent enterprises voluntarily.

The conclusion is succinctly stated in proposition Five.

PROPOSITION FIVE.

The attempt to curb the trusts by fine and imprisonment laws is a useless attempt, because it completely ignores a fundamental principle of human conduct—self-interest.



CHAPTER XVIII.

THE GRADUATED TAX VERSUS THE INCOME TAX AND THE INHERITANCE TAX.

THE attention of the advocates of the income tax is called to the graduated property tax as a scheme which fulfills the purpose of the former, yet possesses several advantages not provided by an income tax.

The income plan, in a measure, conforms to the principle that the taxes should be imposed in proportion to the ability to pay. So does the graduated property plan.

Thus far the two systems are similar, but beyond this they differ, to the discredit of the income method and the credit of the graduated method.

The income tax will not prevent the undue concentration of wealth. Even if the "Captains of Industry" were compelled to give up, in the form of an income tax, a little larger share of their extraordinary profits, this would not prevent them from forming their combinations.

And as long as they can do that, they can recover what they lose in taxes by twisting the screws a little tighter at one point to make up for what they must yield at another.

The graduated property tax does not permit them to recoup in this way, for its special function is to prohibit monopolistic combinations, and if the capitalists cannot form these combinations, they will be without the machinery for recovering the extra money they will, under the proposed system, be obliged to pay.

The prying into private affairs that would inevitably accompany the assessment of an income tax would render it very obnoxious. In all probability it would be repealed for that reason.

No unusual prying would be required in assessing the graduated property tax, because it would be levied in the same manner as the taxes now are, upon the lands, mines, manufacturing, stores, and other plainly visible objects, the values of which can be ascertained without prying into the peculiarly private affairs of individuals.

Those who honestly reported their incomes for taxation would be brought into unfair competition with the dishonest who might resort to concealment, lying and perjury to avoid divulging what their real incomes were.

There could be little opportunity for misrepresentation and evasion in the case of the graduated property tax, for it has to deal, like our present direct system, with visible properties themselves instead of with the invisible profits of properties.

Then why not abandon the income plan for this more improved method of levying the taxes in proportion to the ability to pay? Why not seek a method that will right the present disordered state of society?

THE INHERITANCE TAX.

An inheritance tax upon large wealth has been proposed as a means of relieving the poorer classes of some of the burden of taxation and placing it upon those better able to bear it.

But when it is recognized that those to whom the inheritance tax would apply, in the vast majority of instances, indirectly obtained their wealth through exploitation of the poorer classes, the position assumed is practically that of condoning an evil for pay.

Why not prevent the damage rather than first permit it and then look to be recompensed in a paltry sum afterward? Why not abolish

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the business of crushing rivals in business by any one man or set of men, through means of the graduated property tax which induces competition and legitimate business methods?

CHAPTER XIX.

THE GRADUATED TAX AND THE SINGLE TAX.

IN principle the single tax and the graduated property tax are the same; both are intended to prevent monopoly by so discriminating against it by an increase in the tax rate as to render it unprofitable to monopolize. They differ only in method of application, which is of no more importance than the difference between the various sects of protectionists, banking system champions, or advocates of government ownership, for in these theories founded on similar principles the differences in detail may be numerous but are largely negligible.

The single taxer would tax the land only.

The graduated taxer would tax all property used or usable as a basis of profit, such as the land, barn, machinery, and work animals of the farmer; the plant, including land, buildings, machinery, and average supply of working stock, of the manufacturer; the goods and

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storehouse of the merchant; the office building, cash, and notes of the money lender.

The single taxer would exempt from levy every form of property, whether used as a means of profit or not, except land.

The progressive taxer would create a large exemption list, but would not go as far as the single taxer. He would exempt, first, all production and profits, such as the grain or live stock raised for the market by the farmer, the output of the manufacturer, the profit on the merchant's sales, and the interest of the money lender; secondly, all property or effects applied to sustenance, comfort and pleasure, such as the residence and furnishings of the home, the driving horse and carriage, the automobile, pleasure yacht and aeroplane.

In a nutshell, the single taxer would protect from a particular form of exploitation; the graduated taxer would protect from that and all other forms.

The single taxer holds that the destruction of land monopoly alone is sufficient to liberate the people from oppression, because it would allow them to make themselves independent of exploiters and taskmasters by settling upon cheap land and earning their living from it.

The graduated taxer takes issue here and maintains that if manufacturing, mining, mer-

cantile and other combines are allowed to exist they will continue their present system of exploitation so that the man who goes into the country to earn a livelihood will find his condition unimproved, and will eventually be starved into abandoning his farm. At the present time farmers are often compelled to do this because the trusts control the prices both of what the farmer sells and what he must buy in order to pursue his vocation. The graduated taxer believes that trusts of every sort must be prohibited or else there can be no genuine relief.

The single taxer contends that the taxation of factories and stores acts as an obstacle to progress by discouraging improvements and extension of business.

In rebuttal the graduated taxer contends that this tax does not act thus until the point of greatest efficiency of capitalization has been passed, and that beyond this point there should be a tax check, because the concentration of mercantile and manufacturing plants is as dangerous as the concentration of land ownership.

Between the single tax and the graduated tax there is, then, this difference: the former is intended to act as a check to monopolization of land only; the latter as a check to mon-

opolization throughout the entire realm of industry. This is not a variance in principle, but merely difference of opinion as to the extent of application of the principle.

The theory of the tariff also is fundamentally identical with the graduated property tax, as we have shown; in fact the tariff, the single tax and the graduated property tax could well be, with certain alterations, incorporated into a unified system of protection.

Any tax, whether it be the uniform tax, the graduated tax, the single tax or the tariff must be ultimately paid by the consumer, for taxes, like other items of expense, must be added to the cost of production. But with free competition in trade, which would be effected by a graduated property tax, the consumer would pay *no more* than the tax and what he did pay would go into the public treasury for his own and the general good.

Grounded, therefore, as they are, upon the same fundamentals, the protective tariff, the progressive tax and the single tax should not be in conflict. The partisans of these respective systems need to realize this fact and to unite in a common effort to put into effect a scheme to simplify the whole great question of taxation and act for the greatest good for all classes of men.

CHAPTER XX.

THE GRADUATED TAX AND THE PROTECTIVE TARIFF.

WHEN we consider the protective tariff we find the same principles exemplified that form the foundation of the graduated tax. We find, further, that the protective tax works successfully, and that fact should predispose us in favor of the progressive taxation of property.

In the first place, both the protective tariff and the graduated tax are discriminating taxes, in that they fall more heavily upon some than upon others similarly producing or selling. The former discriminates against foreign manufacturers, with the design of preventing the monopolization of the American market by foreigners. The latter discriminates against excessive capitalization in the home industries, with the design of preventing the monopolization of the American market by a small group of Americans.

In the second place, the effects of the two systems of discrimination are the same, The

imposition of the tariff necessitates an addition to the price of the imported article; this in turn places the foreigner at such commercial disadvantage to the home capitalist that he cannot undersell the latter, get control of the market and plunder at will the people of the country into which he imports his goods. On the other hand, the graduated tax necessitates an addition to the price of the commodities of the home monopolies which in turn places the monopolists at such disadvantage in the market in their rivalry with independent capitalists that they cannot undersell the latter and get control and thereafter plunder the people at will.

That the tariff is confined to the product while the graduated tax is intended to be levied upon the capital or property from which the product is derived, such as the land, mine, or building and machinery of the factory, does not alter the fact that the two systems are one in principle and purpose and would be the same in result. We confine the tax to the product in the case of the tariff because, as we have no right to go beyond our territorial borders to levy taxes, the product alone is available and that, too, only as it passes over our lines as imports into our country.

Within the bounds of our own country, how-

ever, we have access to every form of property. Capital is the proper object of taxation, therefore, for the reason that to collect it from products would require a system of custom houses similar to but more elaborate than those in use for the tariff, while if levied upon the capital the tax could be collected just as the direct taxes are now, and without any extra expense or difficulty.

The question may now be asked: "Has the taxation in the form of tariff on imports proved itself to be a success?" Experience dictates that the answer should be in the affirmative. This tax has obliged the foreigners to abandon their schemes of encroachment and to permit new industrial enterprises in our land to spring up and flourish.

The graduated tax in operation would prove itself to be just as effective as the tariff has been. It would oblige American capitalists to dissolve their combines and abandon the ring system for the more honest, helpful and successful system of competition.

An exclusive market against outsiders, with free competition within for the adjustment of prices, was the ideal sought by the early champions of protection. It was not expected that home industries thus protected would combine to set arbitrary prices. Alexander

Hamilton said in speaking of the benefits of protection, "When a domestic manufacture has attained to perfection, and has engaged in the prosecution of it a competent number of persons, it invariably becomes cheaper. Being free from the heavy charges which attend the importation of foreign commodities, it can be afforded cheaper, and accordingly seldom or never fails to be sold cheaper, in process of time, than was the foreign article for which it was a substitute. The internal competition which takes place does away with everything like monopoly, and by degrees reduces the price of the article to the minimum of a reasonable profit on the capital employed. This accords both with reason and with experience."

Hamilton expected competition at home instead of monopoly, and supposed that in providing against foreign monopolists nothing more was necessary. It did not occur to him that it was as easy for monopolists to grow up in America as it was for them to grow elsewhere.

Horace Greeley said: "But with what reason, with what justice, does any one say that an import or tax on imported goods, iron, or nails, cloth, or cutlery, creates a monopoly?" Greeley did not look for monopoly to succeed competition. He believed that there were persons

abroad who would, if not held in check, prevent free competition between us and them, but it did not occur to him that persons would rise up within our boundaries and take the place of those abroad. Human nature, however, is the same everywhere, and if the corporation across the line must be restrained, the corporation with similar tendencies on this side of the line must also be restrained.

A protective tariff goes only half-way in the right direction. It needs to be supplemented by a graduated tax, which may be termed an inland tariff. Unsupported by such internal provision, it is fraught with danger. When we create a protective tariff and rest at that it is equivalent to saying to others: "Begin your vocations within our domain, and we will protect you against encroachments from abroad; we shall do still more, we will assure you of the permission of the people at home to prey at will upon them." Or, it amounts to declaring to would-be plunderers from abroad: "You dare not harass our people from where you stand; come across the line with your institutions, and we will issue you a general license to pillage and oppress." To carry out completely the purpose of a protective tariff, we must make it impossible for persons to accomplish within our borders what they

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are powerless to do from the outside. While a tariff must be established to shield us against the *designs* of predatory combinations abroad, the graduated tax must be applied to prevent the *existence* of predatory combinations at home.

The gist of the matter is set forth in proposition Six.

PROPOSITION SIX.

The submission of the people to exploitation at home when they have prevented exploitation from abroad is an absurd submission, because the plunderer at home is as hurtful to us and as easily tax-curbed as the foreign plunderer.

CHAPTER XXI.

THE QUESTION OF CONSTITUTIONALITY.

It is averred that the graduated tax is unconstitutional. Then what? Is the constitution God-made or man-made? If the latter, then may it not have been ill-made in some respects? And if we come to this conclusion may we not concede that it may be unmade of some of its defects? Is the constitution to remain the only thing unchangeable in this age of progress and social evolution?

But let us examine into the alleged unconstitutionality of the graduated tax. What is the fundamental requirement of the national and of the state constitutions as a rule as to taxation? Is it not equality? What kind of equality do we desire, simulated or real? If the latter, the graduated tax should be adopted for it is the only system which makes real equality possible. Let us look at the facts.

The graduated system imposes a higher rate per cent. of tax on a large than on a small cap-

italization, but the large investment affords opportunity for recoupment sufficient to make a fair profit when it forms a natural monopoly through being of the size we have designated as capitalistic adequacy. That is, as no concern of small capital can compete in a business that requires large capital, the power on the part of the large concern to reimburse itself for its increased taxation by adjusting the selling price of the product, equalizes the burden of the taxation.

It is because the graduated tax will conduce to this uniformity of profitableness, that it must be adopted before there can be equity in taxation. For equality in the rate of profitableness of investments or vocations is the important and true test as to whether the taxes have been just—have borne with like weight on all who have borne them. When the conditions are such (as they are under the dominion of the trusts) that one man's business yields him twenty or thirty or more per cent. on his investment of energy and capital, while another is obliged to content himself with a mere fraction of that or with no profit at all, it is folly to talk of a uniform rate of taxation being an equitable tax. It is a sham of the worst type.

Equal in that it conduces to a situation in

which there is an evening of the rate of profit through recoupment, the graduated tax is, in truth, the tax which the principle of equality demands.

Why talk, then, of amendment to the constitution. Why not amend the system of taxation so as to bring it really within the constitutional requirement?

CHAPTER XXII.

SUBSIDIARY REASONS FOR THE GRADUATED TAX.

REASONS other than the need of regulating trusts may be given why taxation should be made progressive. These may be mentioned: Large wealth is better able to pay taxes than small wealth, in a relative as well as an absolute sense. A man worth five million dollars does not "feel" his taxes as sharply as a man worth five thousand.

Large wealth imposes a relatively heavier expense for the preservation of the peace. Agglomerations of wealth incite crime and disorder more than the same amount of wealth distributed among many. It follows that the benefits that large wealth receives from the maintenance of good order, and indeed from public expenditures in other directions, are worth more to it, dollar for dollar, than they are to smaller wealth.

The dollar of large wealth is more potential for profit making than the dollar of small

wealth. There are more profitable investments open to a man with five millions to invest than to one with only five thousand.

These are some of the factors which may be accepted as corroborative of the necessity of making taxes progressive, but they are of trifling importance in comparison with the regulation of the trusts. For without the abolition of the monopolies no gain can accrue to the common people by saving through a lighter ratio of tax levy. Because, possessing the extraordinary power to dictate terms of trade in their dealings with the public, the monopolists, by price manipulation, would exact from the people what they might have to pay in taxation. Permit them to dodge a portion of their taxes, as we are now in the habit of permitting them freely to do under our theoretically equal-pay system, and there is less they would be obliged to take to satisfy their greed for profit. Require them to pay more, and they would easily make it up in the machinations of trade. It would be the same thing in the long run. What the graspers failed to withhold at one point in the distribution of the country's earnings they would withhold at another. This being the case, it would be folly to look for benefit from a graduated taxation that was not at the same time a suppressor of monopoly.

A more cogent subsidiary reason for the progressive tax than any of the foregoing minor reasons is that contained in its equalizing function. As previously stated, the competition produced in consequence of the prohibition of monopoly would set in motion a reimbursing process which would entirely efface the apparent disparity between the heavier and the lighter taxes. It would occur simultaneously with the influence which brings about an equalization of profitableness, and were there no other feature than this in favor of the progressive tax, it alone would be sufficient to justify the adoption of the measure. For in no other way can there be equality of taxation.

An additional point that recommends the automatically equalizing process inherent in the progressive tax is that it removes all taint of hardship from taxation. For, be it understood, taxation is not in the abstract, regardless of condition, a hardship. It is so only by being misplaced and fastened upon wrong shoulders. Justly applied, it is of the nature of an investment. In order to elucidate this idea let us examine briefly the immediate and specific reasons for taxation. They are to be found in the execution of certain undertakings by public instead of private effort, such as the maintenance of the general order, preservation

of the public records, building of the highways, support of the common schools, and other public utilities.

These services are just as essential to our welfare as those we undertake privately for our more personal needs. As taxation is the system employed for the payment of them it is no more in the nature of a hardship then, than the payment for a day's work, a suit of clothes, a doctor's visit, or any other thing of service or value. The situation in a nutshell is this: as there are some services which can be performed more economically and satisfactorily as public affairs than as private affairs, it is of advantage to have them performed in a public manner and the expense provided for from a public fund.

Looked at in this, its proper light, taxation must be admitted to be, as a thing in itself, a benefit instead of a burden, and that equalizing factor of the progressive system which saves the tax from being a hardship in any part or degree commends the system to us on that account.

So much for the merits of the equalizing feature. But, as in the case of the other subsidiary features, the principle would be fruitless of positive gain if put into practice in

any way without the abolition of the monopolies. For the graspers would negative all the benefits that might accrue to the common people by their manipulations in price fixing.

CHAPTER XXIII.

QUESTIONS ASKED AND ANSWERED.

- (1.) What is the precise rate of increase that should be adopted with the progressive property tax?

The lowest rate that will suffice to bring about and maintain the optimum of size in industrial establishments. To increase the rate unduly would tend to encourage smallness of enterprise at the expense of that enlargement essential to economical and successful operation. Judgment and experience must be depended upon to bring the rate to the required standard.

- (2.) How are values of stockholdings in corporations to be taxed where the face value does not equal the real value?

To accomplish the purpose of the graduated tax, if the face value exceeds the real value, the stock should be taxed at the face value. By this means the water will be squeezed out of

the stock and the shares reduced to the actual value of the property represented. If the face value is less than the real value, the real value should be found by means of a physical valuation and the property taxed at this real value. In that way we would avoid nullifying the corrective effects of a graduation in the tax by undervaluation.

- (3.) Under a strictly competitive system, how is the heavily bonded corporation to exist along with the rival which is free from debt?

An ordinary way out of the difficulty is for the bondholders to cancel their debt by taking over the property and obtaining the interest on their money through stockholding instead of bondholding. This would convert bondholding interests into actual ownership interests and relieve the public from paying two dividends, namely, dividends on the stocks and dividends, in the form of interest, on the bonds.

- (4.) How would the change from combined industries in selected centers to that of smaller industries widely distributed affect the railroads?

Long hauls of certain kinds of goods would be less numerous, but the money loss would be more than replaced by the increased number of short hauls of the same goods. The gen-

eral prosperity of the people would result in increased passenger traffic also. The demand for all classes of goods would be so much larger that the volume of through freight traffic would, together with that of local traffic, be vastly increased.

- (5.) How would the graduated property tax affect public expenditure?

Prosperity would become general, public debts would be extinguished, and the necessity for government restriction and control would be reduced to the minimum. As a result, the taxes would be very moderate—so low, in fact, as to cause the progressive tax to be looked upon more as a check to immense combination than as a means of raising revenue.

- (6.) Will the common people be losers from the necessity of large operators to add to the price of their commodities in order to make up for the extra taxation?

Not at all. Any additions to the prices will revert as taxes to the public treasury and thereby relieve the people of just so much assessed taxation which they would otherwise have to pay. Then in this connection we must remember that, although the large industries would be obliged to advance the prices on their products by reason of the new system of taxation,

the increase would in no case be as great as the extra charges the combines, unrestrained by competition, are at present forcing us to pay.

- (7.) Is it a function of the taxing power to regulate industries?

It is constantly so used in the application of the tariff, subsidies, excise duties, etc.

- (8.) Is the tax barrier to be raised against the untainted as well as the tainted large fortune?

Unquestionably yes, since the discrimination is confined strictly to limiting over-size in favor of adequate size.

- (9.) But will not the capitalization unavoidably large be hampered in its necessary workings because of the weight of the tax?

Assuredly not, for the reason that while none could overcharge, owing to the competition between them, the industries necessarily large could make their selling prices greater to the degree required to recoup for the excess tax, because all large industries would be similarly circumstanced as to the supplementary expense and the necessity to meet it.

- (10.) Should earnings be taxed?

They should not, because industry would thereby be discouraged. Tax the capital from which the earnings are derived, and the capital

will be forced into activity to get the means with which to pay the tax, enterprise will not be punished for the benefit of negligence, and in time much of the earning will become capital and subject to taxation as such.

Upon this plan the farmer will pay tax upon the value of his land, stables, work horses, machinery, tools, and seed, but nothing upon the crop of his soil. The merchant will pay upon his store building and the average value of stock carried, but nothing upon the amount of business done. The manufacturer will pay upon the value of his plant and amount of raw stock kept on hand, but nothing upon his finished products. Such placing of the tax would induce wise investment of the resources at command.

(11.) Would this plan of dealing with wealth end the strife between capital and labor?

Yes. By enriching all in common the graduated tax would merge the interests of capital and labor and leave no discrepancies for cause of dispute.

(12.) Would the graduated tax originate any new duties for the state?

It would not. Being a direct tax measure it would be executed the same as is the present

direct tax system for the raising of the revenue.

- (13.) What can be said of the practicability of this remedy as compared with penal provisions?

Unlike the fine and imprisonment scheme, this corrective would not remain inoperative unless criminal proceedings were instituted against the malefactors. The proposed means would be in constant and regular operation. It would be always enforced because of the certainty of collecting a tax once it is levied. It would be easy of execution, because the tax would be collected just as the present taxes are. The reformation would be automatic, because the tax would render monopolies unprofitable and thereby lead capitalists of their own accord to rearrange their enterprises on a non-monopoly basis. It would prove successful, because self-operative.

- (14.) Are there any circumstances under which free trade could be safely substituted for a tariff?

The tariff gates could be safely opened between nations having the graduated tax. Until the general establishment of this law, however, those nations adopting it would have to protect themselves from the monopolies in countries not so controlled, by establishing

upon their boundaries a protective tariff discriminating against the products of the latter. Should we impose a graduated tax and remove our tariff, tax-dodging monopolies in countries having no such tax would soon flood us with their cheap surpluses, and ruin our more highly taxed industries. The mere existence of an ocean or a boundary line between us and foreign monopolists does not relieve us of the necessity of protecting ourselves from them, just as we must protect ourselves from monopolists at home if we are to have free competition and natural distribution.

(15.) Do import duties rob?

Import duties rob nobody. The importer loses nothing, for he gets his money back by adding the duty which he pays to the price of the goods when he sells them. The people lose nothing, for the duties go into the public treasury and relieve them of just that much direct taxation. The robbery which does take place under this system is chargeable to the home manufacturer, who, taking advantage of the absence of effective preventives within, combines with others to cut off competition and dictate terms of his own making.

(16.) What is the story in brief?

The evil of unnatural distribution of wealth is due to interfering with the free play of

natural competition among producing agencies.

To remedy this we must institute a system of taxation which will prevent monopoly.

The same taxation which provides for this freedom of competition will equalize taxation by equalizing the profitableness of all branches of industry.

Institute a system of taxation which will prevent monopoly and promote the free play of competition, and we have solved the problem of industrial welfare.

We shall then have solved it, too, by the *natural* and only mode in which it can be solved.

CHAPTER XXIV.

SUMMARY AND CONCLUSION.

WE have now explained exactly what is meant by the graduated property tax, and have shown, without too much technical detail, how the tax would be practically applied. We have explained how the specific object of the tax, the dissolution of the trusts, would be accomplished by making large capitalization unprofitable. We have shown that the trust system is based on an economic blunder; that over-large combinations do not make for the greatest efficiency in production. We have repeatedly pointed out the injustice of the present system of taxation, and we have proved that the graduated system would be fair to the great capitalist as well as to the poor man.

We have noticed that the graduated tax is based on a natural law of trade that is, in turn, a corollary of a fundamental principle of human conduct. These are competition and self-interest. We have pointed out that the trust

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methods disregard the law of competition, and that previous attempts at curbing the trusts and all altruistic schemes for regenerating society have alike disregarded the principle of self-interest.

We have considered the graduated tax in connection with the income and inheritance tax. We have shown the identity in principle of the graduated tax and the single tax, and that the protective tariff and the graduated tax are mutually supplementary. We have also briefly discussed the question of the constitutionality of the proposed law.

The brief of our argument is this: first, there is need of some means of reforming our industrial system; second, the proposed instrument of relief is the best, because it is both theoretically and practically efficient and no other has proved to be so.

Let it not be supposed that the trusts would tamely acquiesce to the adoption of this measure. It is quite evident that in a movement to found a graduated taxing system a struggle with the Interests is inevitable.

Shrieking for tariff protection for themselves against foreign encroachment, they will declaim against graduated tax protection for the people against the encroachment at home. Having for generations by their tax-dodging

loaded the heavy end of taxation upon the weaker shoulders of the common people, they will stigmatize as confiscatory the proposal to reverse the process and place the heavier end upon their own stronger shoulders. By every imaginable art and scheme directed against an equitably adjusting graduated tax will they display their unwillingness to compete with the people on equal terms in all branches of industry.

Nor would their failure to defeat the graduated property tax law put a stop to their opposition. On the contrary, it would only be the signal for the calling into play their most powerful ally — the complacent judiciary. Without the respect for the law which the common people have, and which alone keeps their ill-gotten accumulations from reprisal, they will, in their attacks upon the pockets of the people, break both the spirit and the letter of the law through their hired attorneys promoted to the bench and triply invested with the functions of the lawmaker, court and executive.

Religious liberty was not obtained overnight, nor did the American people achieve political liberty without a struggle. In the end, however, Truth prevailed precisely because that which is necessary to the evolution of society

is Truth. And so economic liberty shall be obtained by the people of the United States, because the exploitation of the people by the money power means the economic degradation of the people, and that is incompatible with economic evolution.

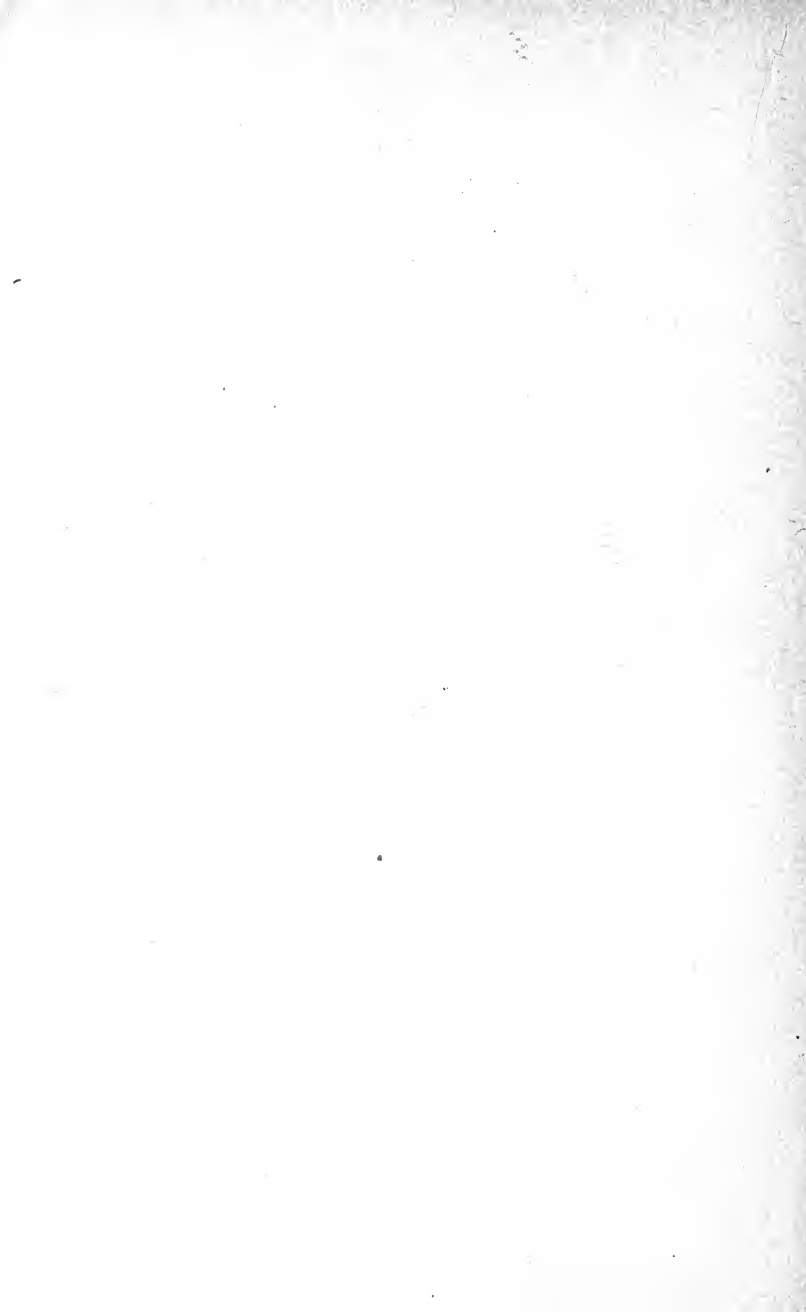
Evolution in industrial economics must go hand in hand with religious and political evolution. If our country has achieved liberty in the latter, it shall also achieve liberty in the former. And our country means not the Interests but the people. The Interests have assumed for the time being the bearing of industrial over-lords, but the people are beginning to realize that industrial feudalism is as intolerable as political feudalism and that our government must in every sense be a government "of the people, by the people and for the people."

The unrest apparent throughout all classes in the United States, or, for that matter, throughout the civilized world, is an indication of a feeling that we are at the threshold of a new era. It is the duty of practical men to analyze these vague tendencies, to recognize the immediate need of the moment, and to find the remedy that shall prove to be a true one in the evolution of society.

The Pragmatic philosophers contend, and it

cannot be successfully controverted in its application to economics, that the test of Truth is "Does it work?" The graduated property tax *will* work.

Reduced to a single sentence our attitude toward the present situation of industrial economics may be stated as in the following proposition.



PROPOSITION SEVEN.

The submission of the people to the present industrial conditions is an indefensible submission, because the welfare of the country and the happiness of our children are at stake and the means of reform is within our reach.



A SONG FOR LABOR DAY.

BY WILL M. MAUPIN.

I have builded your towns and cities,
And over your widest streams
I have flung with a giant's ardor
The web of strong steel beams.
I have carved out the busy highways
That mark where your commerce reigns;
With hammer and forge and anvil
I have wrought your golden gains.

I have girded the rock-ribbed mountains
With rails for the iron steed;
I have delved in the old earth's bosom
To answer the great world's greed.
I have clothed you, housed you, fed you,
For thousands of years gone by;
I have stepped to the front when duty
Has called, and I've answered "I!"

I have wrung from the soil denied me
Your toll of the golden grains;
I have garbed you in silks and satins—
And fettered my limbs with chains.
I have given my sweat and muscle
To build for you, stone on stone,
The palace of ease and pleasure—
The hut I may call my own.

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For a thousand years you've driven—
 A thousand years and a day.
 But I, like another Samson,
 Am giving my muscles play.
 My brain is no longer idle;
 I see with a clearer sight,
 And piercing the gloom about me
 I'm seeing, thank God, the light!

I see in the days before me
 My share of the things I've wrought;
 See Justice no longer blinded,
 The weights of her scales unbought.
 I see in the not far future
 The day when the workers share
 Is more than his belly's succor;
 Is more than a rag to wear.

I see on the morrow's mountains
 The glints of a golden dawn;
 The dawn of a day fast coming
 When strivings and hates are gone.
 Lo, out of the vastly darkness
 That fetters my limbs like steel
 I can hear the swelling chorus
 That sings of the commonweal.

For a thousand years you've driven—
 For a thousand years and one.
 But I'm coming to take possession
 Of all that my hands have done.
 And cities and towns and highways
 I've builded shall be mine own;
 And Labor, at last unfettered,
 Shall sit on the kingly throne.

A few Press Notices of the First Edition.

This book is especially planned for popular reading. It is somewhat conversational in style and all its arguments are lucidly presented. Based on seven propositions or texts stated in much the same manner as the propositions in Euclid the question is well ordered and logical. Though readers may personally disagree with the author's premises and deductions it must be admitted that the "Curb to Predatory Wealth" is a distinctly useful contribution to the literature dealing with economic and financial problems and deserves a thoughtful perusal.—Philadelphia Evening Telegraph.

Whatever the political economists may say about Utopian schemes, it cannot be argued that Mr. Marshall simply proposes his general principle and then leaves it hanging in the air without thought of ways, means or consequences. He takes up questions of manner of assessments, decentralization, competition, the right of capital, the right of self-interest, tariff, income and inheritance taxes, and subsidiary questions of various kinds. All this is argued under seven general propositions, clearly, succinctly, sanely, in a book of less than 140 pages. It is laid in moral fairness, but is not Socialistic.—Book News Monthly (Philadelphia).

The arguments given are in a strong convincing manner, and the author is to be congratulated upon the style of his work and the strength of his convictions.—Common Sense, Chicago, Ill.

The tone of the book is impartial and the argument is presented in terse and popular phrasing.—Louisville Post.

The author has been seeking a remedy for the unfortunate conditions in which society at large finds itself growing out of the fact that on one hand there are a scant few actually rolling in a superabundance of wealth and on the other millions fighting hard to maintain a life marked by self denial and poverty, filled with sickness and sorrow. He believes the solution is to be found in a change of the present system of taxation. For the existing general property tax he would substitute a graduated or progressive tax, providing for an increase in the rate of taxation in proportion to the increase in the worth of owned or controlled wealth. He believes it would spell the end of the domination of trusts and monopolies by rendering it unprofitable to effect combinations of "predatory" wealth. The author presents his plan with simplicity and force.—States (New Orleans, La.).

Mr. Marshall argues forcibly against monopolized production and marketing, and he contends that his graduated tax would be followed by unfettered competition of wealth. The work is timely and interesting. The author makes out a strong case for his theory.—Watson's Jeffersonian Magazine.

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